



Daily Report

East Asia

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Cairns Group Urges Reduction in Farm Subsidies

BK0106155095 *Manila MANILA BULLETIN*
in English 28 May 95 p B-1

[Report by Delfin Sd. Perez]

[FBIS Transcribed Text] The Cairns Group, composed of 14 agricultural exporting countries, wound up its two-day ministerial meeting in Manila yesterday determined to press for continued agriculture policy liberalization that would finally improve access of their agricultural products to developed nations.

In particular, the Group vowed to persuade major countries — the United States, Japan, and European Union [EU] — to comply with Uruguay Round [UR] accords commitment and reduce their domestic production supports and export subsidies.

The Cairns Group, which was set up in 1986, links 14 agricultural exporting countries which account for about 20 percent of the world's agricultural exports in commodities that include coconuts, sugar, rice, coffee, and wheat.

The members include Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, Philippines, Thailand, and Uruguay. Africa sent its representatives also to the Manila meeting.

Sen. Bob McMullan, Australian trade minister and chair of the Group, said they are determined to begin new negotiations on agriculture trade liberalization and ensure that agriculture will be a central element at the first World Trade Organization Ministerial Review Conference to be held in Singapore in December 1996.

His views were echoed by World Trade Organization (WTO) director general Renato Ruggiero, who was in Manila to attend the Cairns Group meeting.

He said governments have to respect their Uruguay Round commitments to trim subsidies in the agriculture sector, adding it was "essential to the credibility of what we have agreed upon."

Ruggiero urged the United States, Japan, and the EU to honor commitments to reduce domestic support and export subsidies for their farmers.

The Cairns Group was disappointed with the poor access levels of their agricultural products to key markets, particularly to the United States, European Union, and Japan.

The UR agreement on agriculture provides for the withdrawal of domestic support measures by 20 percent over six years for developed countries and 13 percent over ten years for developing countries.

It also provides for the reduction of export subsidies by 36 percent over six years for developed countries and 24 percent over ten years for developing countries.

The reduction in production supports and export subsidies was meant to make it easier for farmers in developing countries compete in a trade regime that relies less on unfair protectionist measures and more on comparative advantage.

However, on the stages of the UR negotiations, the United States and the EU entered into a bilateral deal that weakened the proposed outcome on domestic supports and export subsidies and damaged the specific export interests in a number of Cairns Group countries.

The Cairns Group had committed to be vigilant in order to ensure there was no circumvention of the Uruguay Round obligations on agriculture. They would be looking out for any breaches, in spirit or letter, of the Uruguay Round agreement on agriculture.

In particular, the Group had expressed strong concern about the manner in which the United States and the EU were intending to implement their first year export subsidy reductions.

McMullan said that by excluding from their 1995 reduction commitments subsidized sales approved prior to July 1, they are clearly acting against the spirit of the Uruguay Round Agreement.

Cairns Group Warns Major Players on WTO Rules

BK0206095495 *Manila BUSINESS WORLD*
in English 29 May 95 p 2

[Report by Romulo T. Luib]

[FBIS Transcribed Text] The influential Cairns Group warns major traders United States, European Union [EU] and Japan not to circumvent agriculture-related rules of the World Trading Organization (WTO) with impunity.

In the Group's 15th Ministerial Meeting in Manila over the weekend chairman Sen. Bob McMullan of Australia said Cairns members will employ "formal and informal processes" to air their concerns "as clearly and loudly as we can" in any event key market players insist on "breaching the spirit of WTO."

This he stressed as Cairns ministers expressed determination to begin new negotiations on agricultural trade liberalization soonest.

WTO director-general Renato Ruggiero, who also attended the meeting, said he is not sure whether or not there will be a new round of negotiations but said talks on further trade reforms in agriculture will start not later

than 1996, independent of a second round of WTO negotiations.

Aware of their growing strength to push for an efficient and rigorous implementation of the WTO-Uruguay Round Agreement, Cairns Group ministers met to discuss monitoring the implementation of Round commitments.

In a press conference at the start of the meeting, Mr. McMullan lashed at the US and EU for their failure to improve market access under the world trading system.

He said Cairns ministers had expressed strong concern about the manner in which the US and EU are intending to implement their first-year export subsidy reductions.

In a statement, he said by excluding from their 1995 reduction commitments subsidized sales approved prior to 1 July, the two majors are clearly acting against the spirit of the Uruguay Round agreement. [sentence as published]

This added urgency for the Group to outline a system to monitor the implementation of the Round commitments. The ministers committed to be vigilant in ensuring no circumvention of obligations on agriculture will be done by "looking out for any breaches in spirit or letter, of the (Uruguay Round) agreement on agriculture."

Cairns will be monitoring very closely agricultural policy developments in US, EU, and Japan, and specifically the new US Farm Bill that the Congress will deliberate on late this year, Mr. McMullan said.

In this regard, Cairns ministers emphasized the role of the WTO Committee on Agriculture in ensuring that outcomes on agriculture "are fully implemented and respected."

On their part, the ministers noted the need for closer cooperation between Cairns Group countries over the next 12 months.

In a joint communique, the ministers said such cooperation is of particular importance with regard to:

- the full implementation of market access commitments, including ensuring that administrative procedures do not operate in ways which undermine access commitments;

- domestic support commitments being strictly adhered to and not being circumvented by attempts to exclude production and trade distorting policies from annual reduction commitments; and,

- the full implementation of export subsidy reduction commitments in strict accordance with the Uruguay Round Agreement, while preventing circumvention.

Mr. McMullan said the Group will ensure any attempt to "dilute the outcome and consequences of the Agreement" will be dealt with effectively.

Individual Cairns member countries can seek redress through the WTO and through review mechanisms such as the Trade Policy Review process of WTO.

A Philippine delegate said Cairns, in a unified manner, can put pressure on any of the major players that will circumvent WTO rules and commitments.

Agriculture Assistant Secretary Marinela R. Castillo said Cairns is a force to reckon with in the WTO, adding the lobby group is responsible for putting agriculture on the multilateral trade agenda.

Mr. Ruggiero, on the other hand, cited Cairns' "commitment to principle and a sense of pragmatism" in pushing for the inclusion of agriculture on the agenda.

However, he emphasized the need for regionalism to be "compatible with the world trading system," adding "we must have a stronger multilateral trading system."

Mr. McMullan agreed there is a need for regional groups to contribute to the strengthening of, rather than undermine, the global trading system.

Meanwhile, Cairns ministers are apparently eager to see new negotiations on agriculture begin soonest so they could pursue further agricultural trade liberalization.

Mr. McMullan said the ministers are "seeking further reforms before 1999" adding "we wish the process (will) start as soon as possible."

"While Cairns Group ministers recognize that the (Uruguay Round) was a significant first step, we do not accept that the outcome of the Round can constitute a settlement of our concerns on agricultural protectionism," he said in a statement. "It is a downpayment — but not enough. The ministers will take every opportunity to continue to push for further liberalization."

The ministers agreed to develop the goals for future negotiations on agriculture as a priority objective for the next ministerial meeting that will be held in Colombia next year.

At the Colombia meeting, Cairns ministers are expected to chart the way to make agriculture a "central element" at the first WTO ministerial review conference in Singapore next year.

Cairns ministers considered Mr. Ruggiero's attendance in the meeting as a recognition of the group's stature in the global economy.

Cairns groups 14 agricultural exporting countries. It was formed in 1986. Its members account for about 20 percent of the world's agricultural exports. In 1986, it held

its inaugural meeting in Cairns, northern Queensland, Australia, thus the name.

ARF To Discuss Spratlys Despite PRC Objection

BK0306123995 Bangkok THE NATION in English
3 Jun 95 p A7

[Report by Christina Pastor]

[FBIS Transcribed Text] Asean will continue to discuss the Spratlys issue during the Asean Regional Forum (ARF) in Brunei despite objections from China that to do so would be to "internationalize" the territorial dispute.

In an interview with THE NATION, Philippine acting Foreign Secretary Domingo Siazon said Asean had "taken note of China's desire". But the six-nation bloc also believes "this important issue" must be discussed in the ARF in July.

"As Asean, we take note of their (Chinese) desire, but as individual countries there have to be some talks about this important issue at the ARF," he said.

He said the talks need not be multilateral in nature, but said nothing can stop claimant countries from raising the issue with Beijing.

China is an observer in the ARF. Earlier, a Filipino diplomat said China "does not want ARF to be a venue for conflict resolution".

But Philippine Ambassador to Beijing Romualdo Ong stressed that China is willing to participate in the forum to "foster regional cooperation".

Siazon strongly denied that Asean is ignoring the Chinese request. In the contrary, he said Asean "understands the (Chinese) cooperation".

China has been developing its naval presence in an area that overlaps with the Philippine-held reef. Philippine military authorities said China has built structures on Mischief Reef (known to Filipinos as Panganiban Reef) which could later develop into a permanent naval station, a suspicion Beijing has always denied.

Siazon said Philippine-China relations remain "cordial", with both countries continuing their dialogue. Manila

recently sent an emissary to Beijing with a Philippine proposal that the two countries jointly develop the Spratlys.

"We suggested bilateral meetings in Hainan province (the closest to the Philippines) and maybe, the provinces of Cebu, Davao or Cotabato," he said.

Beijing has yet to formally reply to Manila's proposal, but Siazon's optimism stems from the fact that so far "they have not said no".

He said some Chinese businessmen are warming up to the Philippine proposal and calling him up with project studies. The possibilities are beginning to get noticed, he said.

ROK, ASEAN To Discuss Trade, Investment

SK0306050595 Seoul YONHAP in English
0443 GMT 3 Jun 95

[FBIS Transcribed Text] Seoul, June 3 (YONHAP) — South Korea and the Association of Southeast Asian Nations (ASEAN) will hold high-ranking officials' meetings Wednesday [7 June] to discuss ways to enhance bilateral relations in trade, investment, tourism, technology transfer, human resources development and development cooperation, a Foreign Ministry spokesman said Saturday.

During the three-day meeting to be held in Seoul, the two sides will also review the projects of the special cooperation fund which were offered by South Korea while discussing further development projects between South Korea and ASEAN, Che said [as received].

Deputy Minister for Political Affairs Yi Chae-chun will lead the South Korean delegation to the talks, the second of its kind since South Korea became a full dialogue partner with ASEAN in July, 1991, while the ASEAN side will be represented by deputy minister-level officials from six ASEAN member countries, the spokesman said.

Japan

MITI Official Views U.S., EC Trade Issues

MS0706102795 London *FINANCIAL TIMES*
in English 7 Jun 95 p 20

[Letter from Ichiro Araki, deputy director, Trade Policy Planning Office, Japanese Government Ministry of International Trade and Industry: "Japan Would Welcome Challenge in WTO on Car Imports Issue"]

[FBIS Transcribed Text] Sir, I agree with Sir Roy Denman (Letters, June 2) [not processed] in that the US should not go alone on a non-legal route in trying to settle the bilateral trade dispute over automobiles and auto parts. Instead, as Sir Roy correctly points out, the US should address the issue of what they call "discrimination" against imports in the Japanese market in the World Trade Organisation. Sir Roy furthermore wants Europe to join this action. Japan would not mind that, because we are convinced that an objective solution will be found within the multilateral framework based on international rules particularly when third countries participate in the process.

However, there is one point that worries me about Sir Roy's opinion: that is, his reference to the 1982 General Agreement on Tariffs and Trade complaint filed by the European Commission. In his letter, Sir Roy seems to suggest that had the US supported the EC action then, the European view could have prevailed in the Gatt. I doubt if that would have been the case. I checked the contents of the EC complaint in 1982 and found that the Commission requested Japan, among other things, to "adopt a general policy objective of increasing the volume of its imports, and in particular of manufactured goods".

In my view, it is a European version of the Clinton administration's "result-oriented" approach and the request for numerical targets or objective criteria, which run counter to the fundamental principle of Gatt/WTO rules. You cannot simply request a promise of the results in a "non-violation nullification and impairment" case of the Gatt procedure.

Did the Gatt contracting parties accept such a request in 1982? Of course not. The EC was not able to pursue its complaint in the Gatt process to the end. No panel was established, and no rulings or recommendations were made. The US refusal to support the EC was a right decision, at least with regard to import targets.

If the US reverses its 1982 position and brings a similar request in the coming WTO consultation, Japan would strongly oppose that. And even in the unlikely event of European support to such a request, the majority of the WTO members would most probably object to it.

Setting up a numerical target for imports is nothing but an attempt to manage trade through government intervention. The Gatt/ WTO aims at securing exactly the opposite — free flow of trade in goods and services on a global basis.

Japan would certainly welcome the US challenge in the WTO concerning the auto issue, but the US should not repeat the EC's mistake 13 years ago.

MITI Opens PR Campaign in Auto Trade Row

OW0706003595 Tokyo *KYODO* in English
2326 GMT 6 Jun 95

[By Keiji Urakami]

[FBIS Transcribed Text] Tokyo, June 7 *KYODO* — Japan's Ministry of International Trade and Industry (MITI), once derided by foreign critics as the corporate headquarters of "Japan Inc.," has now become a PR [public relations] organization.

The ministry's head, Ryutaro Hashimoto, has recently instructed his staff to collect data and statistics — and study effective ways to use them — in order to outdo the United States in the publicity war over a bilateral auto trade row.

Hashimoto, known to be both articulate and candid, an unusual combination for Japanese politicians, is apparently trying to encourage global criticism of the U.S. by getting the media, both at home and abroad, on Japan's side in the long-standing trade dispute.

Spearheading the campaign at an experts' level is Atsushi Oi, MITI's automobile division chief assigned to the post in January.

Breaking with a Japanese tradition that sees silence as a virtue, Oi has been very vocal about clarifying Japan's position and pointing to erroneous arguments by the U.S.

Every time the auto talks reach some critical point, he distributes to the foreign media English-language position papers that try to clarify the issue's point from various angles while using statistics, charts and graphs, a practice which is common with the U.S. Government but rare in Japan.

One paper he issued earlier this year to counter misunderstanding of the Japanese market said the "big three" have not introduced any of their models in a car category with an engine displacement under 2000 cc, a segment which accounts for about 80 percent of the Japanese passenger car market.

The sector in which the big three have their strongest presence is over 3000 cc, which represents less than 3 percent of Japan's overall car market, the paper said.

His latest effort was a speech at the Foreign Press Center on Tuesday [6 June]. It is unusual for bureaucrats of Oi's caliber to speak to journalists on the record.

A MITI spokeswoman said she does not remember a similar briefing session in the past year.

Japanese lobbying has become particularly sharp following Washington's May 16 announcement of a sanctions list against Japan.

The May 23-24 ministerial meeting of the Organization for Economic Cooperation and Development (OECD) in Paris became the first occasion for Japan to be tested on the communication front.

Jockeying as much support as possible from third countries, the Japanese Government included veteran diplomat Nobuo Matsunaga in a Japanese delegation to the OECD meeting headed by Hashimoto.

In Paris, Hashimoto even canceled a minister-level dinner of the International Energy Agency in order to focus on a strategy session meant to get other countries into the Japanese camp.

"We want to get as many nations as possible to participate and win their understanding of the justice of our position," said one MITI official.

Before the start of the first-round match, the Japanese team thought the chances of winning were not low in view of mounting global criticism of Washington's move to use sanctions as a means to pry open Japan's auto market.

Despite that confidence, however, the game turned out very tough for Japan — as some MITI officials admitted the Japanese team was not able to successfully erase the global perception that Japan's market is closed.

Michael Berger, a media consultant at Tokyo-based Intercom Co., said, "The biggest reason behind Japan's failure to get its message across stems from the lack of skill among its leaders to strategically use information."

MITI is said to have more information than any public entity in Japan.

"The problem is that it does not know how to best present the information," Berger said.

MITI for its part has a clear awareness that it is not so dexterous in communicating, with the automobile division's Oi saying, "We understand that we are not really skillful on the PR front."

Despite this modesty, MITI's efforts to increase its media exposure has been received rather positively among foreign journalists in Tokyo.

Commenting on Tuesday's speech, Firdous Khargamvala, a correspondent at THE HINDU, a New Delhi daily, said, "he's done a very good job — well prepared and persuasive."

"It is necessary" for Japan to enhance its communicative skills, he said.

American journalists were not impressed with the content of the speech, however, saying there was nothing new in the argument.

But they acknowledged Japanese officials have recently become "well-armed with statistics," with one of them saying the Japanese campaign has prompted Washington to resort to a similar approach in aviation talks with Japan, another brewing source of trade friction.

Oi said, "One of my foreign friends has recently suggested that MITI lower tariffs on automobiles as a way to fend off claims that Japan's market is closed."

But Japan's tariffs on all types of automobiles and auto parts have been set at zero since 20 years ago, while the U.S. maintains 2.5 percent tariffs on passenger cars, 25 percent on commercial vehicles and about 3-5 percent on auto parts, Oi said.

"It is unfortunate that we do not have an adequate understanding of using even basic figures," he said.

Semiconductor Sector Foresees Friendly Talks

OW0606145595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 Jun 95 Evening Edition p 3

[FBIS Translated Text] While Japan and the United States remain at loggerheads following the rekindling of automobile trade friction, Japanese and U.S. semiconductor industry officials plan to hold a meeting in Tokyo on 8 June. This year's meeting will be the ninth such event, and since there apparently exist no points of conflict between the Japanese and U.S. semiconductor industries, the meeting will be more like a "seminar" to strengthen friendship rather than a scene of "negotiations." The share of foreign semiconductors in the Japanese market exceeded the targeted 20-percent mark for the first time over the entire year last year according to both Japanese and U.S. methods of calculation. In addition, U.S. semiconductor makers have enjoyed good business during this period. Such developments account for the pleasant atmosphere.

Senior officials from the Electronic Industries Association of Japan (EIAJ) are to meet their counterparts from

the U.S. Semiconductor Industry Association (SIA). Among the participants will be SIA Chairman Allen Ross (president of Rockwell International Telecommunications) and SIA Vice Chairman Pat Weber (vice chairman of Texas Instruments) from the U.S. side and leading Japanese businessmen representing semiconductor manufacturing firms and chip users, including Hitachi President Tori Sato, chairman of the Users' Committee of Foreign Semiconductors under the EIAJ.

The talks between the Japanese and U.S. business leaders are expected to focus on such topics as cooperation between Japanese and U.S. semiconductor industries over the past year and the issue of enlarging the diameter of silicon wafers. The Japan-U.S. semiconductor agreement, which calls for increasing foreign semiconductor access to the Japanese market, will expire next summer. Regarding what to do thereafter, "Japanese firms have agreed not to touch on it" (according to Hajime Sasaki, NEC Corporation executive director). Although uncertainties remain as to how U.S. firms may decide to approach this matter, there is a strong likelihood that the planned talks will be conducted in a friendly atmosphere.

Kamei Reacts to U.S. Aviation Sanction Threat

OW0606054295 Tokyo KYODO in English
0512 GMT 6 Jun 95

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Transport Minister Shizuka Kamei on Tuesday [6 June] reacted sharply to a U.S. threat of sanctions against Japan for its refusal to allow some U.S. airlines to fly via Japan to other parts of Asia.

Kamei told a news conference, "No negotiations can be held now that the United States is threatening to impose sanctions unless we accept their demand."

His comments came a day after U.S. Undersecretary of State Joan Spero indicated U.S. readiness to issue a "show cause order" to entice public comments on possible sanctions measures Washington may unveil soon.

A "show cause" order in the aviation arena is the equivalent to an announcement of preliminary retaliatory action under the trade law's 301 provisions to begin taking public comments before making a final decision.

Under the legal procedure, the U.S. Government asks the public to comment on the proposed sanctions and explain the reasons if the public have any objections or complaints.

Spero's comments followed a telephone consultation last Friday between Kamei and U.S. Transportation

Secretary Federico Pena that she said produced no definitive outcome.

The fray has centered on the "beyond rights" — the rights to fly via one country to another — guaranteed to U.S. airlines under the 1952 bilateral aviation treaty.

Tokyo has been refusing to accept requests for new routes by U.S. airlines, accusing the treaty of being unbalanced in favor of the U.S.

The U.S. is urging Japan to honor fully the beyond rights, especially a request made by Federal Express Corp. in the early 1990s to add the island of Cebu in the Philippines to its list of cities served from Japan.

Other U.S. requests on hold include a plan by United Airlines to add Kuala Lumpur to its route from the newly built Kansai international airport in Osaka.

Kamei told reporters the Japanese Government "has been reacting reasonably by proposing that (U.S. requests to fly via Japan to other parts of Asia) be discussed within the framework of the overall negotiations."

Kamei was apparently referring to the Japanese position that Washington should agree to renegotiate the aviation treaty itself before Tokyo accepts the requests, citing alleged excessive use by U.S. airlines of beyond rights as a major problem.

"Although I do not think the United States is intimidating Japan, I want them to respond fairly to our call for negotiations, as the United States is supposed to be a country that makes much of a fair approach."

Aviation Dispute With U.S. Viewed

OW0606125895 Tokyo MAINICHI SHIMBUN
in Japanese 4 Jun 95 Morning Edition p 9

[By economic reporter Yasuma Ota]

[FBIS Translated Text] Aviation talks between Japan and the United States broke down on Saturday [3 June] as Transport Minister Shizuka Kamei turned down a U.S. request for an approval of opening new air cargo routes in telephone talks with his U.S. counterpart Federico Pena. It is now possible that the United States may announce its sanctions plan early this week. Behind the confrontation between the two countries is the unfair Japan-U.S. aviation agreement, which was signed in 1952 and took effect the next year. Transport Ministry officials call the agreement "the last existing unfair pact since the friendship treaty signed during U.S. Admiral Matthew Perry's visit to Japan in 1854." Japan has sought a revision of the aviation pact since

1976, without success. This article looks into points of contention in the Japan-U.S. aviation dispute.

The current aviation pact was signed in 1952, or more than 40 years ago. At that time, Japan had just recovered its independence after the U.S. occupation. There was an obvious difference in national power between Japan and the United States. As a result of Washington-led negotiations, a pact in favor of the United States was concluded.

The text of the treaty, composed of 20 articles, seems to be fair on the surface. It gives Japanese and U.S. airlines equal "beyond rights," allowing each to extend its routes beyond the other to third countries. However, an "appendix" to the treaty, which stipulates routes operated by Japan and the United States, places severe restrictions on Japan's beyond rights. Advanced aviation technology and Asian economic growth make the treaty even more unfair.

Although Japanese airlines were allowed to open additional routes under a 1989 Japan-U.S. interim agreement, their beyond rights are limited by the appendix, which was partially revised after the reversion of Okinawa to Japan. They are only allowed to extend their Los Angeles and San Francisco routes to Latin American countries and a San Francisco-New York route to European countries. The route to Europe is no longer profitable. Moreover, except for two flights, Japanese airlines are not allowed to take on cargo and passengers in the United States on the routes to Latin American countries.

Meanwhile, based on its interpretation of the pact, the United States has exercised unlimited beyond rights. U.S. airlines can freely operate passenger flights on routes across the Pacific Ocean. They can also carry passengers and cargo on routes between Japan and other Asian countries. The routes to Asia have become a real gold mine for airline companies. American airlines opened most routes to Asia by exercising beyond rights.

The aviation pact demands that the two sides hold prior consultations to decide on landing points (airports) in the two countries. While U.S. airlines can open routes to Japan from all airports in the vast United States, Japanese companies are only allowed to use airports approved by the treaty, which makes the pact unbalanced in favor of the United States. Jiro Hanyu, a counselor at the Transport Ministry, commented: "It is unreasonable to maintain the 40-year-old agreement without revision in spite of changes in the economic situation."

Under such circumstances, the United States is demanding that Japan accept a request made by Federal Ex-

press Corporation to increase the number of its air cargo routes to Asia via Tokyo to 13 from the current seven. The request includes changing a route to Manila in the Philippines to a route to Subic Bay, where there used to be a U.S. naval base. Washington claims that "because the establishment of new routes is a right granted to the United States under the pact, Japan should accept the request." It has proposed that if Tokyo accepts the request, the United States will comply with Japan's call to review the overall framework of cargo services.

Although its ultimate goal is to revise the aviation treaty to make it a fair one, "Japan hopes to exercise equal rights under the unfair pact," stated Kamei. By taking this stand, Tokyo asserted that each issue should be resolved in a review of the overall framework of the pact. Japan and the United States will not be able to conclude the aviation talks for the time being because of their different stands.

'Substantial Breakthrough' in EU Auto Accord

MS0706101595 *London FINANCIAL TIMES*
in English 7 Jun 95 p 7

[Report by Michiya Nakamoto: "EU-Japan Accord Over Cars Access"]

[FBIS Transcribed Text] Tokyo — The EU and Japan yesterday reached agreement on measures to improve access to the Japanese markets for cars and car parts.

The agreements, reached after two days of negotiations in Tokyo, marked a "substantial breakthrough" in the area of vehicle standards harmonisation, said Sir Leon Brittan, vice-president of the European Commission.

The EU-Japan accords coincide with a trade dispute between the US and Japan over access to Japanese markets for US cars and car parts. The US has threatened to impose punitive tariffs of 100 per cent on Japanese luxury car imports unless Japanese carmakers agree to increase purchases of US-made car parts. In response to what it sees as an unjustified unilateral measure, Japan has taken the case to the World Trade Organisation.

In its negotiations with the EU, Tokyo agreed to six specific measures long requested by the EU:

- Japan will become a signatory to the United Nations Economic Commission for Europe (UN-ECE) 1958 Agreement which calls for the mutual recognition of vehicle regulations.

The UN-ECE Agreement covers 90 vehicle testing and certification standards to which member countries voluntarily adhere.

Although Japan has yet to decide which specific standards it will respect, "we have had indications that Japan will adhere to a significant number of the regulations," according to Mr Richard Wright who is in charge of vehicles at the commission.

Japan's participation will help to harmonise standards between the EU and Japan and facilitate access to Japanese markets for European car and car parts makers. Japanese participation was also important since it set the pace for vehicle standards in the Asian region, Mr Wright noted.

- Japan agreed to provide European carmakers with improved access to official vehicle inspectors who issue certification to imported cars.

One European carmaker had to send 37 cars by air freight to Japan at a cost of 50 million yen (374,000 pounds) in order to receive quick certification. Under the agreement reached yesterday, Japan will provide 40-day advance notice of inspectors' visits to Europe to enable car makers to arrange inspections.

- Japan will introduce a preferential handling procedure for trucks which will enable European makers to take advantage of simplified testing and certification procedures for up to 2,000 trucks imported into Japan.
- Japan will accept the principle of component type approvals. Currently, parts makers must receive approval for individual parts each time they want to sell them to a manufacturer.
- European carmakers will be able to obtain certification of their cars made in the US for the Japanese market.
- Japan will accept European durability standards for emission regulations.

The agreements will be applied on a most-favoured nation basis. Negotiations will continue to resolve other outstanding issues.

EU Demands More Open Financial Service Market

OW0606135695 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 6 Jan 95 Morning Edition p 5

[FBIS Translated Text] The European Business Association [EBA], established by European corporations operating in Japan, issued a statement on 5 June demanding that Japan open its financial services market. The statement was issued to coincide with the arrival of European Commission Vice President Leon Brittan in Japan.

The statement demanded that the Japanese company stock subscription business be open not only to the Japanese market, but also to foreign markets in the securities sector when government-funded corporation stocks are offered to the public following privatization.

The statement also stressed the need to simplify the mandatory reports on banking business made to the Finance Ministry and the Bank of Japan.

Noting moves by foreign financial companies to pull their operations out of Japan, the statement pointed out that a "variety of regulations have hurting the interests of Tokyo as an international banking center."

The statement further demanded the relaxation of regulations and the opening of markets in the five sectors of banking, securities, investment counseling, direct investment, and insurance. It highlighted specific problems in each of the sectors.

Stressing the need to further relax regulations on the introduction of new services in the banking business, the statement urged transparency in current Japanese business practices. The statement proposed that stocks be subscribed overseas in the securities sector and that quotas be set for stocks to be subscribed in European and American markets.

Referring to the pension market, to which the Japanese Government has given foreign investment counseling firms access, the statement complained its closed nature, saying: "There are still stringent regulations."

The statement asked that foreign companies operating in Japan be allowed to participate in the process of relaxing financial sector regulations.

'Text' of G-7 Draft Economic Communique

OW0706060195 Tokyo KYODO in English
0417 GMT 7 Jun 95

[Passages in italics denote "Items not yet agreed"]

[FBIS Transcribed Text] Washington, June 6 KYODO — The following is a draft of an economic communique of the Group of Seven (G-7) industrial nations, which are to hold a meeting in Halifax, Canada, June 15-17, obtained by KYODO NEWS SERVICE on Tuesday [6 June].

Halifax Summit Communique (Draft May 27, 1995)

Preamble

1. We, heads of state and government of seven major industrialized nations and the president of the European Commission, have met in Halifax for our 21st annual summit. We have gathered at a time of change and

opportunity and have reaffirmed our commitment to working together and with our partners throughout the world.

Growth and Employment

2. The central purpose of our economic policy is to improve the well-being of our people, allowing them to lead full and productive lives. Creating good quality jobs and reducing unemployment, which remains unacceptably high in too many of our countries, is thus an urgent priority for all of us. We are committed to establishing an economic environment conducive to the accomplishment of our goal.

3. We are encouraged by the overall performance of our economies and continued strong growth elsewhere in the world. In most of our countries, economic growth is robust and inflation is well under control. We will pursue policies to maintain the momentum of this recovery.

4. Yet problems remain. Internal and external imbalances, together with unhelpful fluctuations in financial and currency markets, could jeopardize achievement of sustained, noninflationary growth as well as the continued expansion of international trade.

5. We remain committed to the medium-term economic strategy that we earlier agreed upon. Consistent with it, we are determined to make the best possible use of the current economic expansion, taking steps to promote durable job creation. This requires action to achieve, where necessary, and maintain sustainable public finances and a noninflationary environment and to ensure adequate savings for the funding of a high level of global investment.

6. We endorse the conclusions reached by G-7 finance ministers in Washington and ask them to maintain close cooperation in economic surveillance and in exchange markets.

7. Good fiscal and monetary policies will not on their own deliver the full fruits of better economic performance. We must also remove obstacles to achieving the longer-term potential of our economies to grow and create secure, well-paying jobs. This will require measures to upgrade the skills of our labor force and to promote, where appropriate, greater flexibility in labor markets and elimination of unnecessary regulations.

8. At Naples we committed ourselves to a range of reforms in the areas of training and education, labor market regulation and adjustment, technological innovation and enhanced competition. As well as these reforms, we welcome the initiation by the OECD (Organization for Economic Cooperation and Development) of a detailed

review of each member economy's structural and employment policies.

9. We are also committed to ensuring protection for our aging populations and those in need in our societies. To this end, some of our countries must take measures to ensure the sustainability of our public pension programs and systems of social support. Similar attention is required in some of our countries to ensuring the availability of private sector pension funds.

10. New developments in the creation and dissemination of information are profoundly affecting our countries. This highlights not only the growing importance of the quality of human capital, but also the need for our economies to become more flexible if we are to exploit fully the information revolutions' potential to spur new economic growth, job creation and rising prosperity around the world. In this connection

a. We welcome the results of the G-7 Information Society Conference held in Brussels in February, including the eight core policy principles agreed to by ministers, and encourage implementation of the series of pilot projects designed to help promote innovation and the spread of new technologies. We welcome the involvement of the private sector.

B. We encourage a dialogue which will foster the participation of developing countries and economies in transition in establishing the global information society. To this end we welcome the proposal that an information society conference with a cross-section of developing countries should be convened in South Africa in March/April 1996.

Meeting the Challenges of the 21st Century

11. International institutions have been central to our pursuit of stability, prosperity and equity for the past 50 years. Last year, in Naples, we called for a review of the international institutions to ensure that they are equipped to deal effectively with the challenges of the future. Today, in Halifax, we are proposing some concrete steps toward this goal. All countries have a stake in effective, efficient institutions. We pledge our full energies to working towards strengthening the institutions in partnership with their entire membership to enhance the security and prosperity of the world.

Managing the Global Economy

12. The world economy has changed beyond all recognition over the last fifty years. The process of globalization, which has been driven by technological change, has led to increased economic interdependence: this applies to some policy areas seen previously as purely domestic, and to interactions between policy areas. Our ob-

jective is to achieve sustainable development. The major challenge confronting us is to manage this increased interdependence while working with the grain of markets, and recognizing the growing number of important players. This is especially important in the pursuit of global macroeconomic and financial stability.

13. Close consultation and effective cooperation on macroeconomic policies among the G-7 are important elements in promoting sustained growth with low inflation avoiding the emergence of large external and internal imbalances, and promoting greater exchange market stability. Our ministers have adopted a number of changes to the structure of their consultations over time in order to strengthen policy cooperation, including enhanced consultation with the IMF.

14. The growth and integration of global capital markets have created both enormous opportunities and new risks. We have a shared interest in ensuring the international community remains able to manage the risks inherent in the growth of private capital flows, the increased integration of domestic capital markets, and the accelerating pace of financial innovation.

15. The developments in Mexico earlier this year have sharpened our focus on these issues. We welcome the recent more positive turn of events in Mexico, as well as the positive developments in a number of emerging economies.

16. The prevention of crisis is the preferred course of action. This is best achieved through each country pursuing sound fiscal and monetary policies. But it also requires an improved early warning system, so that we can act more quickly to prevent or handle financial shocks. Such a system must have an improved and effective system of surveillance of national economic policies and financial market developments and fuller disclosure of this information to market participation. To this end, we urge the IMF to:

- a. Establish benchmarks for the timely publication of key economic and financial data,
- b. Establish a procedure for the regular public identification of countries which comply with these benchmarks,
- c. Insist on full and timely reporting by member countries of a standard set of data, provide sharper policy advice to all governments and deliver franker messages to countries that appear to be avoiding necessary action.

17. If prevention fails, financial market distress requires multilateral institutions and major economies to respond in a quick and coordinated fashion. Financing mechanisms must operate on a scale and with the timeliness required to manage shocks effectively.

In this context, we urge the IMF to:

- a. Establish a new standing procedure — "emergency financing mechanism" — which would provide faster access to fund arrangements with strong conditionality and larger upfront disbursements in crisis situations.

18. To support this procedure, we recommend:

- a. That the G-10 and other countries with a stake in the system establish financing arrangements with the objective of doubling as soon as possible the amount currently available under the general agreement to borrow (GAB) to respond to financial emergencies,
- b. *That the IMF give further consideration to exploiting its power to borrow in private financial markets as a possible further source of fast-disbursing liquidity.*

19. To ensure that the IMF has sufficient resources to meet its ongoing responsibilities, we urge: continued discussions on a new IMF quota review.

20. We continue to support the inclusion of all IMF members in the Special Drawing Rights (SDR) system. Moreover, we urge the IMF to initiate a broad review of the role and functions of the SDR in light of changes in the world financial system.

21. Solid progress on the elements discussed above should significantly improve our ability to cope with future financial crises. Nevertheless, these improvements may not be sufficient in all cases. In line with this, and recognizing the complex legal and other issues involved, we would encourage further review by G-10 ministers and governors of other, market-based, mechanisms that might also usefully be considered for an orderly resolution of crisis situations.

22. Close international cooperation in the regulation and supervision of financial institutions and markets is essential to safeguard the financial system and prevent an erosion of prudential standards. We urge:

- a. A deepening of cooperation among regulators and supervisory agencies to ensure an effective and integrated approach, on a global basis, to developing and enhancing the safeguards, standards, transparency and systems necessary to reduce risks,
- b. Continued encouragement to countries to remove capital market restrictions, coupled with strengthened policy advice from international financial institutions on the appropriate supervisory structures,
- c. Finance ministers to commission a joint report from the international organizations responsible for banking and securities regulations and to report on the adequacy of current arrangements, together with proposals for improvement where necessary, at the next summit.

23. We also recognize that international financial fraud is a growing problem. We are committed to improve communication between regulators and law enforcement agencies.

Poverty Reduction and Sustainable Development

24. People are at the centre of our concerns. We are deeply concerned about the plight of the poorest countries, which run the risk of being increasingly marginalized. We are also concerned about the persistent poverty in more advanced developing countries.

25. The primary responsibility for achieving development rests with the developing countries themselves. However, bilateral as well as multilateral assistance continues to be essential. We are committed to securing substantial flows of funds and to improving the quality of our assistance. We support a *significant* replenishment of IDA (International Development Association). Open markets in the rest of the world are also crucial to accelerated economic growth in the developing countries.

26. Democracy, human rights, transparent, accountable governance and environmental protection are the foundations sustainable development. We urge the multilateral institutions to:

a. Make sustainable development a central goal of their policies and programmes,

b. Encourage countries to follow sound economic, environmental and social policies and to create the appropriate legal and structural framework for sustainable development,

c. Encourage countries to follow participatory development strategies and support governmental reforms that assure transparency and public accountability, a stable rule of law, and an active civil society.

27. An overriding priority is to improve the plight of the world's poor. Poverty is one of the great problems of our time and has global consequences for migration and the environment. We urge multilateral institutions to:

a. Focus concessional resources on the poorest countries, which need them most and which have a demonstrated capacity to use them effectively,

b. Direct a substantially increased proportion of their resources to basic social programmes and other measures which attack the roots of poverty,

c. Encourage the development of a healthy private sector and provide resources, where these are not available from the private sector, for the infrastructure needed for sustainable development,

d. Give priority to countries which demonstrate a firm commitment to poverty reduction and to take trends in *military and unproductive* spending into account in extending assistance.

28. We recognize that debt remains a serious problem for many of the world's poorest countries. We welcome the Paris Club response to our encouragement last year to improve the treatment of the debt of these countries and urge the full and constructive implementation of the Naples terms, a step that is in the interest of both debtors and creditors. Some of the poorest countries also have substantial multilateral debt burdens. We urge:

a. The International Monetary Fund (IMF) and the World Bank to take the lead in developing a comprehensive multilateral approach to assist countries with multilateral debt and debt service ratios above prudent levels, through the flexible implementation of existing instruments, and new mechanisms where necessary,

b. Mobilization of existing IMF resources *through the sale of IMF gold* and further consideration of appropriate measures in the multilateral development banks, to advance this objective.

29. The private sector has emerged as the primary engine for development in many regions. We urge the World Bank group to integrate more effectively the activities of the international finance corporation and the multilateral investment guarantee agency into its country assistance strategies. All relevant institutions should expand:

a. Guarantees and co-financing arrangements to catalyze private flows,

b. Support for the private sector within developing countries,

c. Credit for small and medium-sized enterprises.

30. Safeguarding the environment is key to sustainable development. We agree to strengthen implementation of Rio commitments. We urge the World Bank, UNEP (UN Environment Program), UNDP (UN Development Program) and the CSD (Commission on Sustainable Development): to intensify and deepen the integration of environmental considerations into all aspects of their programs.

31. Disasters and other crisis have demonstrated gaps in our institutional machinery. To help prevent and mitigate emerging crises. We urge:

a. The UN secretary general to continue to explore means to improve disaster and conflict-related early warning information, the UN high commissioners on human rights and refugees play a key role in this regard,

b. The Bretton Woods institutions to establish a new coordinating procedure, supported as necessary by existing resources to facilitate a smooth transition to the rehabilitation phase in countries emerging from economic or political crisis and to cooperate more effectively with UN agencies and donor countries,

c. The bodies involved in the provision of humanitarian assistance to cooperate more closely with the department of humanitarian affairs in its assigned coordination role.

32. Greater coherence and coordination among institutions is vital, as is reducing unnecessary overlap. Among international financial institutions, we urge:

a. The World Bank and the regional development banks to decentralize their operations wherever possible,

b. The IMF and World Bank to concentrate on their respective core concerns (broadly, macroeconomic policy for the IMF and structural and sectoral policies for the World Bank),

c. Revision of the ministerial committees of the IMF and World Bank to promote more effective decision-making,

d. The multilateral development banks to coordinate their respective country programs more effectively.

33. In this its 50th anniversary year, we underline the profound importance of the UN in reducing poverty and working for sustainable development. In the years ahead, it must continue to pursue its fundamental purposes, as set out in its charter. To do this effectively and efficiently, the reform process now under way must be broadened and deepened. We pledge ourselves to support the secretary general in achieving this.

34. We urge the competition of the proposed agenda for development, which sets out a new approach to international cooperation and defines the special contribution of the UN in these areas.

35. To increase coherence, we urge:

a. The United Nations, World Bank, IMF, World Trade Organization (WTO), and OECD to work more closely together both at headquarters and in the field,

b. A more effective internal policy coordination role for the Economic and Social Council (ECOSOC),

c. Improved coordination among international organizations and bilateral donors.

36. To remain relevant, *and to secure the continued support they need* multilateral institutions must reduce costs, and be both responsive and transparent. The United Nations should:

a. Consolidate and streamline organizations in the economic and social fields *special attention should be paid to bodies and programs which currently address similar activities such as humanitarian relief, development assistance, and monitoring, and to the scope for merging smaller programs and governing bodies,*

b. *Examine the future role and update the mandate and focus of UN institutions in light of the establishment of new international organizations such as the WTO eg. UNCTAD, and consider whether certain institutions have a continuing role in light of economic and political changes since they were set up eg. The regional economic commissions and UNIDO,*

c. *Update and focus mandates to void duplication, to avoid overlap with new international organizations, and to make best use of particular strengths,*

d. *Arrange for the ECOSOC high level and General Assembly special sessions to take more responsibility for issues of public concern, UN summits should be rare but significant events,*

e. *Work to reduce costs and improve efficiency in all institutions, take forward the secretary general's efforts to create a leaner, more efficient, transparent and accountable secretariat and adopt modern management techniques.*

The System of Assessment Should Be Reformed To Bring it Closer to Member States' Actual Capacity To Pay

37. We call for a clearer delineation of the mandates of UNEP and CSD. CSD should be the global forum for identifying and agreeing upon long term strategic goals. UNEP should act as the world's environmental monitor and catalyst.

38. These are our initial proposals to enable institutions to meet the challenges of the next century. We intend to follow these proposals closely ourselves and to promote them actively, working together with the wider international community in all appropriate organizations. *We urge a major review by a high-level advisory group to ensure that the economic and social bodies of the UN system achieve these reforms. We will take stock at our meeting next year in France.*

Creating Opportunities Through Trade

(new text to follow)

Nuclear Safety

39. We affirm the importance of improving nuclear safety in countries of central and Eastern Europe and the newly independent states and welcome efforts and

progress made to date. We will continue to support these initiatives.

40. Recognizing that each country is responsible for the safety of its nuclear facilities, we congratulate President Kuchma of Ukraine on his decision to close the Chernobyl nuclear power plant by the year 2000. We reaffirm the commitments of support made last year at Naples under the G-7 action plan for Ukraine's energy sector. We are pleased to note the replenishment of the nuclear safety account and the commitment of additional bilateral grants for short-term safety upgrades and preliminary decommissioning work in anticipation of the closure of Chernobyl.

41. Recognizing the economic and social burden that the closure of Chernobyl will place on Ukraine, we *pledge will continue* efforts to mobilize international support for appropriate energy production, energy efficiency and nuclear safety projects for Ukraine. Any assistance for replacement power for Chernobyl will be based on sound economic, environmental and financial criteria. We call upon the World Bank and the EBRD (European Bank for Reconstruction and Development) to continue their cooperation with Ukraine in devising a realistic long-term energy strategy, based on the results of the EBRD-funded least-cost investment study, and to increase their financial contribution in support of appropriate energy sector reform and investment. We also call on the World Bank to mobilize private sector support for nonnuclear energy and energy conservation.

Economies in Transition

42. We recognize and welcome the continued progress made by many countries in transition toward democratic, market-based societies. Early and determined macroeconomic stabilization programs have proven the most effective strategy to allow an early return to growth and to ensure sustainable economic renewal and rising living standards, the process of far-reaching structural reforms must be pursued vigorously. We will continue our support for economic reform in the economies in transition, and their integration into the global trade and financial systems. In particular, at Naples, we urged Ukraine to undertake economic reforms and offered the prospect of substantial international support. We applaud Ukraine's initial implementation of a bold program of economic reform, including deficit reduction and a strong privatization component. *Our bilateral efforts and those of other industrialized countries, together with the international financial institutions, have resulted in commitments of international support for Ukraine which already total 3.75 billion dollars of the two-year commitment of 4 billion dollars that was made in Naples. We stand ready to support the provision of*

an additional 2 billion dollars in further assistance from the international financial institutions by the end of the 1996, assuming continuation of strong economic reform.

43. We are encouraged by Russia's renewed commitments to financial stabilization and economic reform, exemplified in the recent agreement with the IMF on Russia's first stand-by arrangement. First results are already evident in falling inflation and signs of stabilizing output. Privatization has contributed to dynamic growth in the private sector. The full implementation of the policy measures in this agreement should set the stage for Russia's economic recovery. We underline the importance of a stable political, legal and regulatory environment and the development of a modern financial sector, all of which are necessary to foster private savings, domestic and foreign investment. We welcome the signature in Paris of a third debt rescheduling agreement on June 2, 1995 with official creditors. We recognize the relevance of a comprehensive treatment of Russia's external public debt, which would pave the way for the definitive stabilization of Russia's relations with its external creditors. We invite official creditors to consider soon this possibility on the basis of appropriate IMF arrangements.

Environment

44. Environment is a top priority for international cooperation and domestic action. We underline the importance of meeting the commitments we made at the 1992 Rio earth summit and subsequently, and the need to review and strengthen them where appropriate. The UN General Assembly special session in 1997 that will review progress in implementing the results of Rio will be of particular importance.

45. Environmental protection policies trigger the development and deployment of innovative technologies, which enhance economic efficiency and growth and help create long term employment. In their policies, operations, and procurement, governments must show leadership in improving the environment. This will require the appropriate mix of economic instruments, innovative accountability mechanisms, environmental impact assessment and voluntary measures. Efforts must focus on pollution prevention, the "polluter pays" principle and the internalization of environmental costs. The integration of environmental considerations into policy and decision-making in all sectors is a prerequisite for sustainable development. We will continue our efforts in this regard.

46. We applaud the successful conclusion of the first conferences of the parties to the conventions on climate change and biological diversity. Climate change remains of major global importance, and the G-7 and other

countries share many challenges in reducing greenhouse gas emissions. We reaffirm our determination to fulfill our existing obligations under the convention and our commitments to meet the agreed ambitious timetable and objectives to follow up the Berlin conference of the parties. The convention on biological diversity is the principal mechanism for advancing the conservation of the world's species. We fully support the successful implementation of the medium term work program adopted by the first conference of the parties to the convention.

47. We also welcome the decision of the 1995 session of the CSD to establish an intergovernmental panel of forests, and will work constructively to help it fulfill its remit. We will support work at the next session of the CSD toward an international consensus on action needed to deal with the problems of the world's oceans.

Murayama To Raise Issue of Terrorism at Summit
OW0706095595 Tokyo KYODO in English
0925 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Prime Minister Tomiichi Murayama will urge the leaders of the Group of Seven (G-7) economic powers at their annual summit in Canada next week to help fight terrorist acts similar to the March 20 sarin attack on the Tokyo subway, government sources said Wednesday [7 June].

Murayama will provide his counterparts with a summary of police investigations into the gas attack staged by the Japanese doomsday cult Aum Shinrikyo.

Aum leader Shoko Asahara and nine other cult members have been indicted on charges of murder and attempted murder in connection with the attack, which killed 12 and injured 5,500.

Murayama will present preliminary results of the Aum probe, such as the fact that the group also bought a military helicopter from Russia in line with alleged efforts to arm itself and apparently planned a large-scale sarin attack on Tokyo.

The G-7 groups Britain, Canada, France, Germany, Italy, Japan and the United States. Although not a formal member of the group, Russia will participate in the political talks of the three-day summit opening on June 15 in Halifax, Canada.

The sources said the G-7 host's statement, usually issued on the closing day of the summit, is likely to include a passage stating the leaders' resolve to fight such terrorism as the subway attack and the bombing of a federal building in the city of Oklahoma.

It might also contain a vow to strengthen international cooperation to fight terrorism, the sources said.

At the summit, Japan will stress the need for international cooperation and exchange of information to effectively counter such threats.

Deputy Foreign Minister Hiroshi Fukuda in an interview Wednesday also stressed the summit powers' strong interest in designing countermeasures in the aftermath of the Tokyo and Oklahoma attacks.

Fukuda said "exchanging information as much as possible is one form of conceivable cooperation." U.S. President Bill Clinton is expected to report about ongoing investigations into the Oklahoma bombing.

Institute To Study Core Meltdown in Kazakhstan
OW0706123895 Tokyo ASAHI SHIMBUN
in Japanese 4 Jun 95 Morning Edition p 1

[FBIS Translated Text] A Japanese atomic research institute plans to experiment with a "reactor core meltdown," considered the most fearful of all nuclear accidents, using nuclear facilities in Kazakhstan. The experiment's aim is to melt a simulated reactor core and nuclear materials with an electric furnace to survey the impact of the reactor core meltdown on safety. A reactor core meltdown occurred in a nuclear power plant on Three Mile Island in the United States. Although it has been said that "no reactor core meltdown will occur in Japan," the Atomic Energy Safety Committee [AESC] was asked three years ago to study ways to cope with a possible meltdown and or other severe accident. The nuclear facilities in Kazakhstan will be renovated this summer and the experiment will be launched around next May. It will be the first time that a Japanese nuclear research institute has tested the safety of a nuclear power plant in facilities built by the former Soviet Union.

The experiment will be conducted jointly by the Atomic Power Generation Technology Organization [APGTO] (which is located in Minato Ward, Tokyo, headed by Chikara Inoue, and financed by the Ministry of International Trade and Industry), electric power companies, atomic energy makers, and the National Atomic Energy Center in Kazakhstan. Kurchatov City, where the center is located, is a secret city where the former Soviet Union conducted nuclear tests. The city was code-named "Semipalatinsk 21." The center is equipped to experiment with a reactor core meltdown in aims of preventing nuclear accidents in light-water reactors. This was done after the disaster at the Chernobyl Nuclear Power Plant, even though light-water reactors are different from the reactors used at Chernobyl. The APGTO

will use the center's equipment to conduct the experiment.

The experiment will conclude by March 1998. The APGTO will build the simulated reactor core with uranium dioxide and metals such as zirconium, and melt it with a maximum heat of 3,000 degrees using an electric furnace.

The experiment will be conducted using a simulated event where cooled water is lost after the breakdown of pipes and the reactor core melts away from reactor pressure containers into containment vessels. In this way, the experiment will create a far more disastrous nuclear accident in than occurred in Three Mile Island.

The APGTO will remote-control the experiment and high-speed cameras will be used to record the events. The APGTO will survey how steam generates and how pressure changes when the reactor core melts into cooled water and what happens when water is poured on the melted reactor core after it falls onto the concrete floors. The reactor core weighs a maximum 60 kilograms and its weight is less than one-thousandth of the pressured water reactor. The possibility is high that if an accident occurs in a nuclear reactor, part of the reactor core melts in the broken reactor pressure vessels, therefore, it can be said that the experiment will be conducted on the basis of what actually occurs in nuclear power plants.

In May 1992, the AESC said the "possibility is slim of a severe accident occurring in Japan," but pointed to the "need to take measures to prepare for accidents." But Japan has no facility to experiment with a reactor core meltdown. In a bid to earn foreign currency, Kazakhstan plans to use the nuclear facilities inherited from the former Soviet Union for peaceful purposes. The situations in both Japan and Kazakhstan have allowed the two to come to a mutual agreement on the use of the nuclear facilities.

Igarashi: No Accord in DPRK-U.S. Talks

OW0706085795 Tokyo KYODO in English
0840 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — North Korea has not yet reached any agreement with the United States in nuclear talks between the two countries, Chief Cabinet Secretary Kozo Igarashi said Wednesday [7 June].

The two sides have narrowed their differences over some points of contention but have not yet struck any deal, the top Japanese Government spokesman told a news conference, denying North Korean news report

that Pyongyang has reached an "agreement in principle" with the U.S.

"In any event, we hope North Korea will act with a positive attitude," Igarashi said, adding Tokyo wants both Pyongyang and Washington to make further efforts to reach an agreement.

North Korea and the U.S. have been in negotiations in Kuala Lumpur since late May over Pyongyang's nuclear program.

A senior Japanese Foreign Ministry official said earlier Wednesday that the U.S. and North Korea have not reached accord on the model of light-water reactors to be supplied to North Korea.

"I'm aware of the reports, but the negotiations have not reached a stage where there could be talk of an actual conclusion," said Yutaka Kawashima, head of the ministry's Asian Affairs Bureau.

Kawashima told the House of Representatives Foreign Affairs Committee that rather than saying the talks have reached a successful conclusion it would be more appropriate to speak of their nearing the "final stages."

"To date the negotiations have kept going back and forth. That's why I think that all in all, they are still in danger of collapsing," Kawashima said.

"Until the talks have really been concluded, we should not lull ourselves into the feeling that given this latest development everything's okay," he added.

Resumption of Formal Talks With DPRK Viewed

OW0606145395 Tokyo MAINICHI SHIMBUN
in Japanese 4 Jun 95 Morning Edition p 2

[FBIS Translated Text] Japan-DPRK negotiations over a resumption of normalization talks are making progress. Japan and North Korea have been holding preliminary talks in Beijing, but a senior official of the Ministry of Foreign Affairs [MOFA] noted the Beijing talks were "just like an exchange of light jabs." In late May, however, the North Korean delegation proposed negotiations in "Pyongyang and Tokyo alternately." The two countries are now discussing definite procedures for resuming formal talks, and "the talks may be resumed in the near future," as noted by a top MOFA official. The Japanese Government intends to continue the preliminary talks in view of the U.S.-North Korean negotiations over the nuclear issue, the status of the ROK Government, and developments in the North Korean request for rice aid from Japan.

The resumption of the normalization talks was determined in March by the "four-party agreement" between

the Korean Workers Party and the delegation of the three Japanese coalition parties led by Representative Michio Watanabe. Following the agreement, the Japanese Government began to meet with North Korean representatives in Beijing beginning in April.

The focal point of the preliminary negotiations is where and when formal negotiations should be resumed. The previous round of the normalization talks was held eight times between 1991 and 1992. The meetings were held first in Pyongyang, next in Tokyo, and then in Beijing. The reason for the North Korean proposal for negotiations in "Pyongyang and Tokyo" is unknown, but the MOFA considers it is preferable to hold the negotiations in third countries. A senior MOFA official said: "We may meet in Pyongyang or Tokyo in the beginning. But meetings in third countries would be more convenient for both countries when the negotiations are fully started. Perhaps this is why the previous round of talks was held in Beijing from the third meeting onward."

On the other hand, little progress has been made as to the time to reopen the normalization talks. The direction of U.S.-North Korean negotiations in Kuala Lumpur is likely to have a great impact on the normalization talks, and Japanese officials generally believe "the Japan-North Korean negotiations would not make progress if the U.S.-North Korean talks break up," as noted by the top MOFA official. Based on information gathered so far, a senior MOFA official said, "the U.S.-North Korean talks are making progress so far, and North Korea might become more flexible." Development in the U.S.-North Korean negotiations is expected to become a positive factor for the normalization talks.

North Korea's sudden request for Japan's rice aid is also being discussed in connection with the normalization talks. The government intends to comply with the request "calling for ROK understanding of our humanitarian policy," as stated by Foreign Minister Yohei Kono, unless North Korea refuses aid from the ROK. Officially, MOFA says that rice aid has "nothing to do with the resumption of the normalization talks," notes the top MOFA official, but a MOFA source said the aid will "pave the way for the talks."

ROK Asks Kono Not To Send Rice to DPRK

OW0706074195 Tokyo KYODO in English
0729 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — South Korean Ambassador to Japan Kim Tae-chi repeated Wednesday [7 June] South Korea's request that Japan do not give rice to North Korea before Pyongyang

accepts rice from South Korea, a Foreign Ministry official said.

Kim made the request during a 25-minute meeting with Foreign Minister Yohei Kono.

Kim told Kono that if Pyongyang accepts Japanese rice and refuses South Korean rice, it may cause "difficult problems," the official said.

But the South Korean envoy did not elaborate on what kind of problems it may pose, he said.

South Korea is currently waiting for Pyongyang to directly contact Seoul to say if it will accept South Korean rice, Kim was quoted as saying.

Kono reportedly replied that Japan understands South Korea's position and will only provide rice after winning Seoul's understanding.

Kim and Kono did not discuss a draft resolution commemorating the end of World War II agreed by the three Japanese ruling coalition parties Tuesday night, the official said.

ROK Envoy Comments on Diet War Resolution

OW0706080495 Tokyo KYODO in English
0750 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — South Korean Ambassador to Japan Kim Tae-chi expressed dissatisfaction Wednesday [7 June] over the draft Diet resolution commemorating the end of World War II agreed upon by Japan's three ruling coalition parties Tuesday night.

Kim told a luncheon meeting at the Japan National Press Club that he personally thinks the contents of the draft show a backpedaling from past remarks by Japanese prime ministers to the South Korean Government regarding Japan's wartime role.

The draft has not even reached the point of parity with earlier remarks by Japanese leaders, which even then were considered insufficient by some people in South Korea, Kim said, but he did not make clear which areas he considered as marking retreats.

Kim said, however, that he will wait to observe how the final resolution turns out.

After much bickering, the ruling coalition parties agreed late Tuesday night on a draft of the resolution to be submitted to the current Diet session ending June 18.

The accord was reached when the Liberal Democratic Party compromised on their persistent opposition to inclusion in the resolution of the phrases "colonial rule"

and "acts of aggression" and agreed to refer to those acts as "acts Japan conducted in the past."

Touching on the 30th anniversary of the normalization of Japan-South Korea relations, the South Korean envoy said some problems remain between the two countries because Tokyo and Seoul normalized the ties "in haste."

The issue of the so-called "comfort women," or Asian women forced into sexual slavery by the Japanese Imperial Army during World War II, is one of the problems that remain, he said.

Japan should correctly acknowledge its past role for its own good if the nation hopes to assume a larger international role in the future, Kim said.

Japan and South Korea should also try to peacefully resolve bilateral problems and work to build future-oriented ties in which the two countries can cooperate on various global problems, he said.

Kim also urged Japan to correct its trade imbalance with South Korea, saying South Korea's economic stability would bring political stability which would in turn improve the South Korean people's image of Japan.

Igarashi Expresses Remorse for Colonial Past

*OW0606042295 Tokyo KYODO in English
0214 GMT 6 Jun 95*

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Japan feels remorse for its colonial rule over the Korean peninsula from 1910 through 1945 and the great suffering it caused for the people there, a government spokesman reiterated Tuesday [6 June].

"We feel remorse for our colonial rule over the Korean peninsula and the unbearable suffering it caused," Chief Cabinet Secretary Kozo Igarashi told a news conference, touching on former Foreign Minister Michio Watanabe's remark denying Japan's colonial dominion over the peninsula.

"We have repeatedly made clear our stance on the point of contention," Igarashi added.

Watanabe, a senior member of the Liberal Democratic Party, the largest contingent in Japan's tripartite coalition government, said Saturday the treaty annexing Korea to Japan was a treaty formed "peacefully."

In the face of strong criticism from South Korea, Watanabe said Monday he wants to delete the term "peacefully" from his original statement.

In 1910, then Korean Prime Minister Yi Wan-yong and Japan's War Minister Masatake Terauchi signed the

treaty, bringing an end to Korea's dynastic independence.

During Japan's colonial rule over Korea, Koreans were forced to assume Japanese names and worship at Shinto shrines, while tens of thousands of Koreans were transported to Japan for forced labor.

Igarashi also said some cabinet ministers, at the day's informal cabinet talk, spoke of the need for the three ruling coalition parties to reach a compromise on a proposed Diet motion commemorating the 50th anniversary of the end of World War II.

They were also quoted as saying all the cabinet ministers should do their utmost to help the three parties strike a deal on a draft resolution and conclude the bitter and prolonged negotiations.

The coalition parties, also including Prime Minister Tomiichi Murayama's Social Democratic Party and New Party Sakigake, are to continue their talks Tuesday on the shape of a Diet motion.

Reflecting wide gaps in historical perceptions, they are poles apart on the wording of a "no-war" declaration marking the 50th anniversary of the war's end, sources said.

Reaction to Remarks on Annexation of Korea

Watanabe Defends Remarks

*OW0706091095 Tokyo KYODO in English
0850 GMT 7 Jun 95*

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Former Foreign Minister Michio Watanabe on Wednesday [7 June] defended himself over his remark last week that Japan's 1910 annexation of the Korean peninsula was concluded "peacefully" through a treaty.

The remark created an outcry from South Korea and forced him to issue a statement Monday apologizing for his remark.

Watanabe told reporters Wednesday that his statement implicitly referred to Japan's 1910-1945 colonial rule in the Korean peninsula.

Watanabe, a Liberal Democratic Party member, praised a proposed Diet resolution agreed upon Tuesday by the ruling coalition, which was the product of an LDP compromise.

"The proposed resolution is alright in general. Nothing can be done without a compromise on some points," he said.

The proposed resolution, agreed upon by the LDP and its two coalition partners, Prime Minister Tomiichi Murayama's Social Democratic Party [of Japan] and New Party Sakigake [Harbinger], expresses "deep remorse" about Japan's "acts of aggression" and "colonial rule" during and before the war.

The ruling coalition has agreed to adopt a Diet resolution to mark the 50th anniversary of the end of World War II, but had been at odds over what to say as a group of hard-line LDP lawmakers opposed the inclusion of an apology to Asian nations for Japanese wartime atrocities.

Business Leader Regrets Remarks

OW0606092895 Tokyo KYODO in English
0906 GMT 6 Jun 95

[FBIS Transcribed Text] Tokyo, June 6 KYODO — The head of an influential business leaders' group expressed Tuesday [6 June] regret over remarks made last week by former Foreign Minister Michio Watanabe who claimed that Japan "peacefully" annexed the Korean peninsula in 1910.

"There is no excuse for an influential politician to make such a remark and irritate South Korea while the Diet is in the midst of debate on a (no-war) resolution," said Chiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai).

Ushio indicated he agreed with former Prime Minister Morihiro Hosokawa who apologized to Koreans for Japan's 1910-1945 colonial rule over the peninsula.

"I think Hosokawa's apology was an expression of understanding of the other side's feelings and was a major event in international relations," Ushio told reporters.

Watanabe's remarks, on the other hand, showed a lack of consideration, he added.

On Monday, Watanabe apologized for the remarks he made to his constituency over the weekend which caused an outpouring of protests from South Korea where memories of the colonial period still give rise to anger and resentment.

Tokyo Protests Firebombing of Seoul Center

OW0606104195 Tokyo KYODO in English
1028 GMT 6 Jun 95

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Japan urged South Korea Tuesday [6 June] to enhance measures to prevent attacks such as that by South Korean students on a Japanese culture center in Seoul ear-

lier in the day, Foreign Ministry Spokesman Terusuke Terada said.

Terada told a press conference that the Japanese Embassy in Seoul made the call to the South Korean Foreign Ministry following the firebombing of the Japanese culture center by students protesting against former Foreign Minister Michio Watanabe's remarks attempting to legitimize Japan's colonization of the Korean peninsula.

Japan urged South Korea to take measures to prevent such incidents from recurring, saying it is regrettable that part of a diplomatic facility had been damaged by such an attack, Terada said.

The culture center is affiliated with the Japanese Embassy.

The embassy officials, however, did not say a word about Watanabe's remarks, which triggered the incident, according to Terada.

The ministry spokesman declined to comment on remarks made over the weekend by Watanabe, a member of the Liberal Democratic Party, stating that a treaty by which Japan annexed the Korean peninsula from 1910 to 1945 was signed harmoniously.

Under a predictable hail of criticism, as seen in a string of similar incidents, Watanabe later apologized for his comments, though he refrained from retracting his statements.

During a demonstration in Seoul Tuesday morning, about 60 people threw firebombs at the Japanese culture center in protest over Watanabe's remarks. Police detained more than 50 of the demonstrators.

A fire broke out on the second floor of the building from the firebombs but it was soon extinguished by firefighters.

"Japan, stop the reemergence of militarism," the students shouted, according to police. "Watanabe, apologize for Japan's war of invasion."

On Monday, South Korean Prime Minister Yi Hongku voiced a strong protest against Watanabe's remarks, saying, "The government as well as all of the South Korean people can't but express shock and dismay over Watanabe's remarks."

He also warned that such remarks would adversely affect Seoul-Tokyo relations in the future, adding such a thing should not be allowed to happen again, according to local news reports.

Igarashi Urges Building Mutual Trust With Asia*OW0706095195 Tokyo KYODO in English
0934 GMT 7 Jun 95*

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Japan should strive to foster ties of deeper mutual trust with its Asian neighbors as this year marks the 50th anniversary of the end of World War II, a government spokesman said Wednesday [7 June].

"We are painfully aware of the need for further efforts" to help the countries invaded by Japan before and during the war deepen their understanding of Japan, Chief Cabinet Secretary Kozo Igarashi told a news conference.

He made the comment in response to a question about the ruling coalition parties' draft of a "no-war" Diet resolution, which some say lacks an expression of remorse by Japan for its wartime acts in Asia.

Igarashi also indicated that the government, for its part, will issue a statement commemorating the 50th anniversary of the war's end on Aug. 15, the date of Japan's surrender to the allied nations in 1945.

Igarashi on Creating Free-Trade Environment*OW0206134795 Tokyo Asahi Newstar Television
Network in Japanese 0918 GMT 2 Jun 95*

[News conference by Chief Cabinet Secretary Kozo Igarashi with unidentified reporters at the prime minister's official residence on 2 June — recorded; from the "Flash Report: News Conferences" program]

[FBIS Translated Excerpt] [passage omitted] [Unidentified reporter] Singapore Prime Minister Goh Chok Tong, while in Indonesia, reportedly made remarks to the effect that Japan should take further steps in promoting the liberalization of trade in the Asia-Pacific Economic Cooperation region. He seems to be asserting that Japan should take more of a lead in Asia in [word indistinct]. What do you think of this?

[Igarashi] We understand there have been such opinions. Japan, for its part, will make further efforts, as much as possible, to create an environment for free trade in close cooperation with the Asian nations and other nations concerned, including the United States, in responding to their requests.

[Reporter] Such nations as Malaysia have expressed an irritated view suggesting that they are tired of hearing Japan's position.

[Igarashi] I take such a view seriously. [passage omitted]

ODA Grant to Palestine Announced*OW0706103195 Tokyo KYODO in English
1000 GMT 7 Jun 95*

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Japan will grant 3.5 billion yen in Official Development Assistance (ODA) to the Palestinian Self-Rule Government to build a hospital and provide medical equipment and other assistance, government sources said Wednesday [7 June].

Japan has so far provided assistance to help Palestinians rebuild their homeland through international organizations, including the UN Development Program and the UN Relief and Works Agency for Palestine Refugees in the Near East.

But the government has decided to offer direct aid to Palestine, though it does not recognize it as a state, because direct aid would be more effective in supporting the peace process in the Middle East, the sources said.

Japan has a policy of not extending ODA to unrecognized states, but a Foreign Ministry official told a meeting of the House of Representatives on Wednesday that giving grant-in-aid to Palestinians would agree with the spirit of the ODA guidelines and the rules stated therein.

The Palestinian Government was set up following the signing of an autonomy accord in May 1994 between Israel and the Palestine Liberation Organization (PLO), granting self-rule to Palestinians in the Gaza Strip and the West Bank city of Jericho.

Kono Pledges Continued Aid to FYROM*OW0606130995 Tokyo KYODO in English
1111 GMT 6 Jun 95*

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Foreign Minister Yohei Kono on Tuesday [6 June] pledged Japan's continued economic aid to Macedonia [The Former Yugoslav Republic of Macedonia — FYROM] to secure stability in the Balkans and prevent conflicts, a Foreign Ministry official said.

Kono told visiting Macedonian Foreign Minister Stevo Crvenkovski during 50 minutes of talks that Japan will continue to provide Macedonia technical aid and grant-in-aid to help the country achieve economic development, the official said.

Specifically, Kono said in the meeting at the Foreign Ministry that Japan plans to send government missions to Macedonia this summer to study the offering of medical equipment to a Macedonian hospital in Skopje.

Earlier in the day, Kono and Crvenkovski exchanged documents on Japanese grant-in-aid totaling 500 million

yen to help the former Yugoslavian republic promote economic structural reform and ease its debt burden.

The aid, extended in response to a Macedonian request, is the first Japanese grant-in-aid to the country, which is troubled by economic difficulties due to the conflicts in the former Yugoslavia and an economic blockade by Greece.

Turning to relations between Macedonia and Greece, which have soured over the naming of Macedonia, Crvenkovski told Kono he is "optimistic" the disputes will soon be solved and expressed hope that the two sides can normalize relations through negotiations, the official said.

Greece, insisting that Macedonia change its name, Constitution and national symbols to prove it has no territorial ambitions on the Greek region of the same name, has imposed an economic blockade on the new Macedonia since February 1994.

Kono urged Macedonia to solve the disputes with Greece, saying ties between Greece and Macedonia are an important factor for Japan and other industrialized nations in extending further economic aid.

Crvenkovski expressed hope that Japan will tell the Group of Seven (G-7) economic powers next week that cross-recognition of all the states in the former Yugoslavia should be sought, not just mutual recognition between Bosnia-Herzegovina and the Federal Republic of Yugoslavia, the official said.

The Macedonian foreign minister also called for continued international support for UN peacekeeping operations in Macedonia.

He did not ask Japan to join the peacekeeping operations, the official said.

But Crvenkovski gave high marks to Japan's international role and said Macedonia wants Tokyo to become a permanent member of the UN Security Council as soon as possible, he said.

He also threw support behind Japan's campaign to be elected as a non-permanent member of the council for the 1997-1998 term.

Institute Urges 'Drastic' Economic Reform
OW0706102195 Tokyo KYODO in English
1010 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — A council of influential business leaders issued a report Wednesday [7 June] urging Japan to carry out drastic reforms in order to break its current economic impasse.

The Japan Economic Research Institute said the Japanese model of market economy, which features cooperation between the government and the private sector through bureaucrats' strong discretionary power and workers' overwhelming reliance on their companies, cannot effectively deal with recent technological innovations and various changes, including those in industrial and social structures.

To resolve those problems, the Japanese economic system should be restructured, the institute said.

Specifically, the institute said Japan should have a decision-making system that would enable politicians to make choices from plans submitted by bureaucrats, and give greater authority to local governments and businesses through deregulation.

Japan should also stop considering industrial development a national goal, while workers should discontinue identifying their fate with that of their companies, it said.

Economy Said Unlikely To Pick Up Until FY98
OW0706084795 Tokyo KYODO in English
0830 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — The Japanese economy will not start showing earnest signs of a pickup until fiscal 1998 or thereafter due to the effects of serious deflationary pressure and financial institutions' problem loans, Nomura Research Institute Ltd. predicted Wednesday [7 June].

While the recovery of economic activity will drag on, an increase in low-priced imports will force Japanese companies to step up operational rationalization and thus raise Japan's unemployment rate to 4.7 percent in fiscal 1998 from 3.2 percent projected for fiscal 1995, Nomura said.

The economic research arm of Nomura Securities Co. made the prediction on the assumption that the government will declare its resolve to reduce Japan's trade surplus and promote imports through deregulation and that drastic measures to bail out financial institutions will be implemented by fiscal 1996.

The Japanese economy will grow 0.5 percent in real terms in fiscal 1995, down from an estimated 0.7 percent the previous year, Nomura said. The rate of growth will rise to 1.0 percent in fiscal 1996 due largely to demand for reconstruction work from damage caused by the Jan. 17 great Hanshin earthquake.

But in fiscal 1997, Japan's economic expansion will slow to 0.5 percent for reasons such as a rise in the

consumption tax and a reactionary drop in quake-related demand, Nomura said.

Nomura also predicted that the yen will average 87.5 to the dollar in fiscal 1995 and stabilize at around 100 in the medium term after fiscal 1996 as its strength will help increase imports and narrow Japan's trade surplus.

Finance Minister Discusses Politics, Economy

OW0706015995

[FBIS Editorial Report] Tokyo Asahi Newstar Television Network in Japanese at 1110 GMT on 4 June, in its regular "Sunday Project" program, which begins at 1100 GMT, carries a 27-minute live interview with Finance Minister and Sakigake head Masayoshi Takemura by Soichiro Tahara, regular commentator and interviewer, after the introduction of the day's program.

Discussing the outcome of the program's telephone survey indicating 61 percent of pollees said they do not support any particular party, Tahara first asks Takemura how he views the results. Takemura says the situation will change when an upper house election is held. Tahara also cites a series of negative evaluations of the Murayama government by THE WALL STREET JOURNAL and a business leader, Ashida, the Japanese Trade Union Confederation (Rengo) chairman, and asks for Takemura's comments. Takemura asserts the Murayama government has so far carried out many of its tasks and is earnestly coming to grips with difficult issues, including Aum cult-related cases. Tahara then asks what the Murayama government will do up to the next fiscal year. Takemura answers: "The most important task to be carried out is to put the economy on the right track." He goes on to say: "Work on compiling an economic plan has been ongoing since early January at the request of the prime minister, and an interim report on the plan will be announced soon. The report will include an overall vision for the economy."

Changing the subject, Tahara quotes Koichi Kato, chairman, Liberal Democratic Party (LDP) Policy Research Council, as saying the prime minister regularly expresses his hopes to resign. Tahara asks Takemura if it is true. Takemura says: "I have never known him to say he wants to resign." Tahara then quotes the prime minister as saying he would take a decisive step if the ruling parties fail to come to an agreement on adopting the war-renouncing resolution. Tahara asks Takemura whether the latter thinks what Murayama means by a "decisive step" is cabinet resignation en masse or the dissolution of the lower house. Takemura says he thinks "it does not mean the dissolution of the Diet or cabinet resignation en masse," saying such words merely reflect Murayama's strong desire to adopt the resolution.

At 1120 GMT, the topic shifts to the possibility of holding lower house and upper house elections at the same time. Takemura is against it, saying further political realignment should be carried out before the elections so the people will have more choices. He says political forces should get together to form a new party if they share the same policies. Asked if the issue of adopting the war-renouncing resolution — over which the ruling parties are divided — would serve as a clue to political realignment, Takemura says it would be a big issue in the coming upper house elections.

After a discussion on the necessity of political realignment, Tahara asks Takemura if Japan should attach more importance to improving its ties with Asian nations than with the United States. Takemura says: "It is true that Japan cannot abandon Asia and is one of the Asian nations. In this sense, Japan should recognize anew that it should emphasize Asia. Along with such a stance, Japan should also attach importance to its relations with the United States." He says "the time has come to reorder our priorities while trying to win the United States' understanding."

Tahara finally asks Takemura whether his party Sakigake will join a new party which the Social Democratic Party of Japan plans to form. Takemura repeats his statement that a party should be formed by those who share policies.

The interview ends at 1137 GMT.

Panel Supports Forming Asian Development Fund

OW0706110795 Tokyo KYODO in English
1030 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — An expert group of a governmental advisory panel said Wednesday [7 June] it will call on Japanese private enterprises to establish a special fund to contribute to economic development in Asian countries.

The panel under the Finance Ministry's Council on Foreign Exchange and other transactions called on public institutions to provide support for the fund's operations.

The group said a report containing the appeal will be submitted to the council's plenary session Friday.

Based on the appeal, the Finance Ministry plans to put forward a fund recycling proposal at a conference of the Asia-Pacific Economic Cooperation forum to be held in Osaka in November, ministry officials said.

The report, lauding remarkable economic development in Asian countries, will conclude that the foundation for

future growth has been laid, such as high saving rates and educational standards, the officials said.

They said the report will call for the use of funds for consolidation of the social infrastructure, such as road, railway and airport facilities, which is lagging behind the tempo of economic growth in Asian nations.

The report will point to the necessity of an inflow of funds from industrialized nations which have become cautious about investment in emerging economies in Asia since the monetary crisis in Mexico, they said.

Since many private enterprises are struggling under slow economic recovery, the report will call for public support for the proposed fund, the officials said.

Panel Urges Forming of 'Fresh Economic Society'

OW0606140995 Tokyo KYODO in English
1321 GMT 6 Jun 95

[FBIS Transcribed Text] Tokyo, June 6 KYODO — A private advisory panel to Prime Minister Tomiichi Murayama on Tuesday [6 June] urged creation of a fresh economic society in Japan toward the 21st century.

In a set of recommendations submitted to the premier, the policy advisory group pointed to the need to set numerical targets to measure progress in achieving goals in macroeconomics and social welfare.

In the "Vision 2000" proposal, the panel, headed by Isamu Miyazaki, a former vice minister at the Economic Planning Agency and currently chairman of the Daiwa Institute of Research, called for creation of a "society which people feel at ease with."

It also sought the creation of a free economic society with vitality to enable Japan to survive increasingly fierce competition on the international scene.

Specifically, the private group pointed to the need for reactivation of Diet debate, implementation of full administrative reform, deregulation and transfer of the central government's authority and power to local governments.

The panel, established in October, also offered recommendations on Japan's possible contributions to world peace.

It said Japan needs to play a greater role in tackling global issues such as the environment and population, in cooperating with other Asian nations to promote open regionalism and multilateral efforts to abolish nuclear weapons.

The group also called on Japan to take an active part in revamping international organizations, particularly

the United Nations, to help the groups keep pace with changing times.

In its recommendations in socioeconomic fields, the advisory panel said the nation needs to develop an entirely new social infrastructure, create fresh administrative and fiscal systems, secure employment and resurrect regional economic societies.

Miyazaki quoted Murayama as saying he will make use of the proposals when necessary, such as at the summit of the Group of Seven (G-7) major economic powers next week in Halifax, Canada.

The premier also indicated a willingness to use the recommendations as a reference tool to help the three ruling coalition parties — Murayama's Social Democratic Party [of Japan], the Liberal Democratic Party and New Party Sakigake [Harbinger] — map out a new policy accord, Miyazaki told reporters.

The three parties are scheduled to draw up a draft of the new agreement before the G-7 summit.

Survey: Strong Yen 'Hampering' Smaller Firms

OW0706081995 Tokyo KYODO in English
0806 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — The yen's recent surge is hampering more smaller companies, notably exporters, forcing them to cut costs further through rationalization and energy saving, Shoko Chukin Bank said Wednesday [7 June].

In a survey conducted May 15, the bank said 43.2 percent of 800 small businesses polled are suffering adverse effects from the stronger yen, up from 34.9 percent in the previous survey conducted last Sept. 13.

Of the companies seeing adverse effects, 75.4 percent replied they will further cut costs by rationalization and saving energy to cope with the higher yen, it said.

By sector, 68.3 percent of 350 manufacturers surveyed report suffering negative effects from the yen's appreciation, while more than half of the 450 nonmanufacturers surveyed report no influence and 11.4 percent report a favorable impact, it said.

Nearly 90 percent of exporting firms have been hurt by the yen's rise, while almost 40 percent of importing companies report seeing a favorable impact, it said.

The dollar was quoted at 87.05 yen at the time of the survey, down from 99.03 yen in the previous survey, it said.

Among striking adverse effects are drops in contract and sales prices, falls in contract and sales volume and intensified competition with imported goods, it said.

Ten percent of all the firms surveyed say the stronger yen has had a favorable impact on their business, including falls in purchase prices for imported goods, raw materials, fuel and parts, it said.

Those companies are trying to take advantage of the yen's rise by increasing purchases of imported parts and goods and by strengthening tie-ups with overseas corporations, it said.

Even among hard-hit companies, some intend to make positive use of the yen's appreciation by starting or increasing imports of raw materials, fuel and parts as well as by launching or increasing overseas production, it said.

Many manufacturers are targeting China as a location for future overseas production, it said.

China also topped a list of possible foreign partners for future tie-ups, notably by nonmanufacturers, it said.

Strong Yen Prompts Industries To Move Abroad

*OW0606093295 Tokyo KYODO in English
0746 GMT 6 Jun 95*

[FBIS Transcribed Text] Tokyo, June 6 KYODO — The recent appreciation of the yen will prompt Japanese enterprises to expand overseas and accelerate local deindustrialization, a survey by KYODO NEWS SERVICE showed Tuesday [6 June].

The survey of 100 major corporations showed that 56 plan to procure raw materials and products overseas to overcome the strong yen while 48 said they will expand production abroad.

Two companies said they will withdraw from the export business.

Twenty-nine companies said they will step up efforts to cut costs and streamline operations while 23 said they will raise prices of export products.

The survey showed that nine companies will suffer losses if the U.S. dollar falls below 90 yen but the number grows to 15 should the exchange rate come to 80 yen.

Eighteen companies polled predicted the dollar will settle at 90 yen at the end of next March while 16 forecast the rate at 85 yen, the poll showed.

Medium-standing audio goods maker Aiwa Co. projected the dollar's fall to between 75 yen and 80 yen while Sumitomo Metal Mining Co. and Teijin Ltd. put it at a high 100 yen.

The polled companies said they drafted the fiscal 1995 business outlook on an average exchange rate of 89.85

yen to the dollar, up from 99.77 yen for the previous year.

The survey showed that eight firms lowered the ratio of forward dollar selling contracts in fiscal 1994 to ease the impact of the foreign exchange risk while 38 said they kept the ratio unchanged from the preceding year.

The Nomura Research Institute, a think tank affiliated with Nomura Securities Co., said a rush of yen buying by companies that neglected to hedge the risk was partly responsible for the steep appreciation of the yen.

Takemura on Fiscal Investment, Loan Program

*OW0706113595 Tokyo KYODO in English
1114 GMT 7 Jun 95*

[FBIS Transcribed Text] Tokyo, June 7 KYODO — The Finance Ministry will review the government's fiscal investment and loan program as part of efforts to reform public-funded corporations, Finance Minister Masayoshi Takemura said Wednesday [7 June].

Takemura told reporters that the ministry will set up an advisory panel to the ministry's financial bureau chief within this month to study the program.

The panel will broadly examine postal savings and pension funds from a medium- and long-term point of view as well as overall frameworks of government financing and public corporations, Takemura said.

Suggestions by the panel will be compiled into a report, he said.

The government's investment and loan program, known as the second national budget, mainly uses money derived from state-run postal savings and pension funds.

Takemura said how to review the loan program is one of major topics for fiscal reforms.

The panel will consist of business executives, scholars, journalists and others outside the ministry, Takemura said.

The report, to be compiled in one year, will follow a package the government released in March as a way to streamline government-sponsored organizations.

Funds to be managed under the government's fiscal investment and loan program have swelled so much as to affect earnings of some private financial organs, critics say.

Critics also point to the program's inefficient operation.

Meanwhile, Takemura said a basic guideline for bad loan disposal, which is now under preparation by the ministry, will not include the use of public money.

Takemura said, however, the issue of public funds will not be excluded from agenda to be taken up in dealing with individual cases.

Takemura said mandatory disclosure of nonperforming loans, including so-called "restructured" loans or those with interest rates reduced or exempted, will cover all types of financial institutions from book closing at the end of March next year.

Loans falling into these categories total about 40 trillion yen, Takemura said, confirming an estimate made earlier by a senior ministry official.

At present, all financial organizations must reveal the amount of loan principals of bankrupt borrowers. Of them, 21 major banks are also required to disclose the amount of principals on loans with interest payments in arrears for six months or longer.

Banks do not have to disclose the size of restructured loans.

Recovery Derailment Possible Due to Yen Surge

OW0206124395 Tokyo KYODO in English
1150 GMT 2 Jun 95

[FBIS Transcribed Text] Tokyo, June 2 KYODO — The yen's surge on the foreign exchange market could derail Japan's economic recovery in the coming months, a senior official of the Economic Planning Agency suggested Friday [2 June].

EPA Vice Minister Tsutomu Tanaka told reporters that Japan's economic and production indexes are beginning to show signs of trouble.

The yen's surge has caused deflation, which is characterized by price drops stemming from increased productivity and decreased economic demand, he said.

To deal with the problem, writeoffs of bad loans should be promoted, among other measures, he said.

Tanaka said the Japanese economy continues a slow recovery process, as the EPA's monthly report for May indicated.

He added, however, that the bank of Japan's quarterly "tankan" survey of business confidence, to be published soon, would be an important indicator of Japan's economic future.

Businessman Urges Banks To Resolve Loan Issue

OW0606142895 Tokyo KYODO in English
0751 GMT 6 Jun 95

[FBIS Transcribed Text] Tokyo, June 6 KYODO — The head of an influential business group said Tuesday [6 June] financial institutions should work harder to

resolve their bad loan problems before the expected use of public funds to bail them out.

Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), told a press conference that the use of public funds may not win popular understanding unless financial institutions do whatever they can do as private business concerns to cope with bad loans.

Overall sentiment does not yet favor the use of public funds to help troubled lenders, Ushio added.

Firms Surveyed on Derivatives Trading Rules

OW0506111295 Tokyo KYODO in English
1026 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — An increasing number of companies are adopting in-house rules to cope with risks involved in derivatives trading, according to a survey released by KYODO NEWS SERVICE Monday [5 June].

But many companies leave derivatives trading to officials in charge despite a recent increase in losses from the complicated financial trading.

The survey of 100 major companies found that seven firms introduced internal rules with the aim of avoiding huge trading losses in 1994. For this year, five companies, including Toppan Printing Co. and Sumitomo Chemical, either already have adopted or are planning to adopt such rules, it showed.

Currently, 36 companies have derivatives-related rules, the survey found. Sumitomo Metal Industries Ltd. was the first to introduce such rules in 1965, followed by Nippon Oil Co. in 1989.

While no more than two companies annually had adopted in-house rules since then, the number increased to four in 1993, the survey said.

Of the 36 companies with internal rules, only 14 firms, including Nippon Steel Corp. and Cosmo Oil Co., said their top management are well informed of derivatives trading, while 27 replied that details are left to officials in charge.

The survey also found that 22 companies consider it unnecessary to introduce internal rules on derivatives trading. No small number of them, including Victor Co. of Japan Ltd., ban speculative trading, the figures showed.

Komatsu Enters Joint Venture With PRC Firm

OW0606143095 Tokyo KYODO in English
0715 GMT 6 Jun 95

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Komatsu Ltd., Japan's leading construction machinery manufacturer, agreed Tuesday [6 June] with a Chinese firm to establish a venture in Shandong Province to manufacture and market hydraulic excavators, company officials said.

The new company, called Komatsu Shantui Construction Machinery Co., will be capitalized at 21 million dollars. A local company will hold a 50 percent equity share and Komatsu will hold 40 percent, they said. The remaining 10 percent will be owned by Sumitomo Corp., a major trading house, and other Japanese firms.

The venture, due to start operations in August, plans to manufacture 2,000 shovels a year by 2000.

The new firm brings Komatsu's total number of joint ventures worldwide to 15, they said.

Showa Denko Announces South African Venture

OW0606094195 Tokyo KYODO in English
0749 GMT 6 Jun 95

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Japan's chemical manufacturer Showa Denko K.K. and trading house Marubeni Corp. announced plans Tuesday [6 June] to set up a joint venture in South Africa for production and marketing of low-carbon ferrochrome, a material in stainless steel production.

The joint venture with South Africa's Samancor Ltd., the world's largest ferroalloy maker, will start production July 1 at Samancor's plant at an annual rate of 36,000 tons and seek annual sales of 3.5 billion yen, officials said.

Showa Denko will provide production technology for the material and market the product in Japan with Marubeni, the officials said.

Aerospace Industry Wary of YSX Development

OW2705133795 Tokyo MAINICHI SHIMBUN
in Japanese 25 May 95 Morning Edition p 9

[FBIS Translated Text] The Society of Japanese Aerospace Companies, Inc. held its 21st general assembly session in Tokyo on 24 May. Chairman Kentaro Aikawa (who is also president of Mitsubishi Heavy Industries, Ltd.) indicated a cautious stance on the full-fledged development of the "YSX," the next-generation small passenger aircraft that is now drawing attention. He said: "We want to promote the project while ascertaining the international trend."

Japanese aircraft manufacturers have been conducting feasibility studies on the YSX project with International Trade and Industry Ministry support. However, the situation concerning the project has become more difficult. For example, there is a worldwide slump in aircraft demands, and some foreign countries have plans to develop airliners that might rival the YSX.

Aikawa stated that the recent yen appreciation has seriously affected management of Japanese companies. He also complained of the aerospace industry's sorry plight, saying: "Particularly, our industry's business environment has been extremely severe because there is a decline in defense-related demands and demands for commercial aircraft are sluggish."

Computer To Provide Weapon Industry With Data

OW3105095095 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 29 May 95 Morning Edition p 1

[FBIS Translated Text] The Defense Agency [DA] plans to introduce the CALS (Computer-aided Acquisition and Logistic Support) system, by which all design drawings and manuals of weapons and equipment used by the Self-Defense Forces [SDF] will be computerized to make development, procurement, and supply operations more efficient. The DA plans to set up a new interagency research organ and start a concrete study on 1 June, hoping to put the system into operation by around 2000. If realized, the DA and a majority of domestic defense-related companies will be connected through a computer network, enabling them to exchange information on weapons and equipment in an instant. As a result, the time and cost needed for developing and procuring weapons and equipment will be reduced by a large margin.

The DA will set up a "CALS Committee" (to be led by Equipment Bureau chief Hisamitsu Arai) on 1 June. After studying the U.S. Defense Department CALS system and the research and development cases to be started this fiscal year by the Ministry of International Trade and Industry and exchanging views with defense-related enterprises, the committee will seek the most suitable CALS system for connecting the DA with the domestic defense industry.

The U.S. Defense Department developed the CALS system to improve weaponry development and procurement efficiency.

Researcher on Microgrinding of Machine Parts

OW0706090495 Tokyo JIDOSHA GIJUTSU
in Japanese Mar 95 pp 36-37

[Article by Keisaku Okano, Mechanical Engineering Laboratory]

[FBIS Translated Text] 1. Foreword

Research is under way to develop micromachines with advanced functions which are far smaller than conventional machine systems, such as those which carry out necessary work by going through complicatedly arranged pipes at a plant. 1) Micromachine development requires technology to manufacture fine mechanical parts. Well-known technology to that end is microprocessing employing integrated circuit (IC) production technology. But research is also under way to use conventional machine processing for microprocessing.

2. Possibility of Microgrinding

2) Micromachines can be broadly classified by parts size into the three systems of submillimeters (parts size from 0.1 to one millimeter (mm)), micrometers (parts size from one to 100 microns), and nanometers (parts size less than one micrometer). Processing methods that can deal with the micrometers system include those employing IC manufacturing technology, also called silicon technology. Although silicon technology is superior in microprocessing, it has problems—parts structures that can be processed are flat and it is difficult to process parts that are several hundred microns thick.

Machine processing is characterized by many points, including good processing precision and processed surface coarseness, easy processing of three-dimensional shapes and no restrictions on materials to be processed. But as it is a method that shaves the surface of materials, parts tend to be deformed or destroyed, and the method has been considered to be unsuitable for microprocessing. But it is indicated that machine processing could be used to the submillimeter system. Grinding is expected to become a useful microprocessing method as it is a method that carries out fine cutting using a whetstone and its processing power can be reduced to some extent.

3. Examples of Microprocessing

Samples of processing are provided here to see what microprocessing can be done by microgrinding.

3.1 Manufacturing Microstructures With a Diamond Tool

3) Using a molded diamond cutter, grooves were cut on 100 micrometer-thick aluminum alloy sheets and a microstructure with a high aspect ratio was made

by piling up these sheets. Layering such sheets, a microstructure with a wall thickness of 20 micrometers and a channel size of 90 micrometers by 90 micrometers is created. This structure was used in a micro heat exchanger with a good result.

3.2 Microgroove Processing

4) Microgroove grinding in which a cross-section of a hair is divided into 22 parts is possible. The development of a superthin whetstone has made possible grinding with a groove width of 10 micrometers. This technology is used for dicing silicon wafers into IC chips.

3.3 Example of Cylindrical Grinding

2) Microcylinder (diameter 50 micrometers, length 3 mm, aspect ratio 60) processing with a collet chuck cantilever support has been performed. The material is high-speed steel. If the processing length is shorter, grinding of an even smaller diameter of around 25 micrometers is possible.

Let us study the processing power of this grinding. Deflection distortion at the time of grinding of the front end of high-speed steel work with a processing diameter of 50 micrometers and a length of 3 mm supported by a cantilever is more than 100 micrometers, supposing that 1 mN/mm (=0.1 milligram) uniform normal force is applied, according to a material engineering formula. But as the work is actually ground into a relatively good shape as instanced by the Figure 4 cylinder grinding example, normal grinding power is estimated at less than 0.1 mN or less than 0.01 mN. Thus, grinding is done with very small processing power.

3.4 Grinding Gear Tooth Parts

2) An example in which cemented carbide work was processed into an eight-tooth micropart has been made. Its shaft diameter is 200 micrometers and gear diameter is 500 micrometers.

4. Conclusion

Parts made by grinding may not fall under the "supermicron" category in terms of smallness. But grinding proved usable for microprocessing of smaller things than considered before and is much expected to become a processing method that is applicable to the submillimeter system. It is gradually becoming clear that the method is very important technology for manufacturing microscopic mechanical parts and actuators.

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'Big 5' Chipmakers' Capital Spending Viewed

OW2605022595 Tokyo KYODO in English
0150 GMT 26 May 95

[FBIS Transcribed Text] Tokyo, May 26 KYODO — Capital spending by Japan's "big five" semiconductor manufacturers for fiscal 1995 totals 605 billion yen, the second largest on record following the 619 billion yen recorded in fiscal 1984, industry sources said Friday.

The five makers are NEC Corp., Toshiba Corp., Hitachi Ltd., Fujitsu Ltd. and Mitsubishi Electric Corp.

The figure for the current fiscal year, which started April 1, represents a 14.4 percent rise from the previous year.

The sources attributed the steady growth in capital investment for fiscal 1995 to greater investments in production facilities of 16-megabit dynamic random access memory (dram) chips and logic integrated circuits (ics).

The active investments reflect brisk demand for personal computers and microcomputers, they said.

The semiconductor sector is expected to lead the private sector's plant and equipment as a whole.

By company, NEC plans to invest 150 billion yen, the largest among the five makers.

Toshiba plans to spend 110 billion yen, Hitachi and Fujitsu 130 billion yen each and Mitsubishi Electric 85.0 billion yen.

Firms Plan To Increase Capital Investments

OW0706085095 Tokyo KYODO in English
0823 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Japanese companies plan to increase capital investment in fiscal 1995 from the previous year for the first time in four years, the Ministry of International Trade and Industry (MITI) said Wednesday [7 June].

However, a downward revision is possible amid growing economic uncertainty due to the yen's rapid surge since early April, MITI said in a report to the Industrial Structure Council, an advisory panel to the MITI chief.

Planned corporate capital spending for the fiscal year which started April 1 rose 6.6 percent from the previous year to 16,450.8 billion yen, with that of manufacturers up 13.3 percent and nonmanufacturers up 3.7 percent, the MITI said.

The figures are based on a survey covering 1,410 companies on March 31, it said.

MITI attributed the increase to a delay of such spending planned for the previous fiscal year and to increased expectations of economic recovery at the time fiscal 1995 plans were drawn up in February.

Due to drops in the past years, even a small increase reflects relatively high growth, it said.

However, the latest plan could be revised downward since the yen's appreciation apparently is not reflected in the survey, the MITI said.

A possible delay in recovery of personal consumption as well as the yen's advance could negatively affect corporate earnings bases and deflate the recovery scenario, it said.

A lingering sense of excessive equipment and renewed economic uncertainty have dampened the corporate appetite for capital investment, whose full-scale recovery will therefore take more time, the MITI said.

Plans for capital spending are concentrated on rationalization, saving energy, maintenance and renewal, it said.

Plans for growth in production-related investment is relatively small as are those for investment in new businesses and research and development, it said.

To help boost sluggish corporate demand for fundraising, the council urged further deregulation in financial markets.

Specifically, the council called for diversifying corporate bond lineups, seeking appropriate commissions for corporate bond issues, improving the convenience of commercial paper and drastically reviewing related taxation.

FTC Files Bid-Rigging Charges at Sewage Firm

OW0706083795 Tokyo KYODO in English
0812 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — The head of a public sewage corporation at the center of a bid-rigging scandal resigned Wednesday [7 June] as the nation's fair trade watchdog filed charges against 18 people in the scandal.

The resignation of Itaru Nakamoto, president of the Japan Sewage Works Agency, came in tandem with

the Fair Trade Commission's filing with the prosecution criminal accusation against a former executive of the agency and 17 employees of nine electric equipment makers.

The FTC already filed accusations against the nine bidding companies last March over their involvement in rigged bids over sewage contracts awarded by the agency.

Prosecutors are expected to indict the 18 people and nine companies for their involvement in the bid-rigging case in fiscal 1993.

The nine companies include five blue-chip companies — Hitachi Ltd., Toshiba Corp., Mitsubishi Electric Corp., Fuji Electric Co. and Meidensha Corp. The four other firms are Yaskawa Electric Corp., Nissin Electric Co., Shinko Electric Co. and Takaoka Electric Mfg. Co.

The FTC suspects the nine firms fixed which companies would be the successful bidders for electrical equipment installation projects ordered in fiscal 1993 by local governments through the public corporation.

Construction Minister Koken Nosaka told a press conference Wednesday (7 June) that Tsunekazu Fukui, an executive of the Japan Sewage Works Agency, also resigned to take responsibility for the agency's involvement in the bid-rigging case.

The ministry is in charge of the agency. Fukui and Nakamoto are former bureaucrats of the ministry.

Nosaka said Keisuke Kiuchi, vice president of Japan Highway Public Corp., will become the new president of the sewage agency Thursday.

He also said that public trust in the agency was severely damaged because an executive of an official organization helped the illegal bid-rigging.

Asked whether Nakamoto knew about the agency's involvement in the case, Nosaka declined comment, saying that would be known in the course of a trial.

Patent Office Plans To Expedite Applications

OW0706073595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Jun 95 Morning Edition p 3

[FBIS Translated Text] The Patent Office has firmed up the outline of its new system that will speed up screening and processing of patent requests. This move comes in line with accords reached between Japan and the United States in negotiations held last August over intellectual property rights under the bilateral framework trade talks. The new system will take effect beginning next January. With economic activities becoming more internationalized, there has been a noticeable trend in patent applicants' trying to gain international patent

rights, as indicated by, among other things, the growing number of requests being filed in foreign countries. The Patent Office has decided that such patent requests filed overseas will now be eligible for its fast-registration system, and has thus drastically eased application requirements.

Specifically, Japanese translations will no longer be required when filing patent applications written in English, among cases in which applications are written in foreign languages. Regarding patent applications that will be subject to the fast-registration process, applicants will be notified of the results in no later than 36 months.

When applications for the same patent are filed simultaneously in Japan and overseas, it is often the case that a thorough examination of the Japanese text of the patent application is neglected and the patent is first approved overseas — where processing is faster — before it is approved in Japan. However, in the process of examining patent requests in Japan, there has been an increasing number of cases in which it has been found that a patent has already been issued for a certain invention, resulting in patent rights for that particular invention being held by different owners in Japan and overseas. By making patent requests filed overseas eligible for the fast screening and processing system comparable in speed to systems in other countries, it will be possible to grant the Japanese patent right to the same applicant who has filed a request for the same patent overseas.

The Patent Office also plans to drastically ease requirements for patent applications that will be eligible for the faster screening and processing system. So far, the fast examination process applies only to patent requests in cases in which an "invention has already been put on the market or can be marketed within six months." When the Patent Office's new system goes into effect, the fast examination process will apply to patent applications in which an "invention is scheduled to be put on the market within two years." In this way, an invention can be patented quickly even while it is still in its initial stage as an idea.

Currently, some 350,000 patent applications are filed in Japan annually. Among these, there are only about 300 cases in which applicants request fast screening and processing. The Patent Office predicts that with the easing of application requirements to qualify for the fast examination process, "more than 10,000 patent applications may be filed in the initial fiscal year."

Coalition Agrees on Diet Resolution on War

Compromise Wording Reached

OW0606144695 Tokyo KYODO in English
1431 GMT 6 Jun 95

[FBIS Transcribed Text] Tokyo, June 6 KYODO — The three ruling coalition parties finally agreed Tuesday [6 June] on the compromise wording of a proposed Diet resolution to commemorate the end of World War II, coalition officials said.

The compromise text to be submitted to the current Diet session ending June 18 includes descriptions of a past world history of acts of aggression and colonial rule, with a suggestion of Japan's culpability in the deeds.

The text expresses remorse for the suffering of the peoples of other countries, especially Asian countries, due to such deeds committed by Japan in the past.

The accord was struck during a meeting of secretaries general of the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) [of Japan — SDPJ] and New Party Sakigake [Harbinger], after the three parties' policy-makers drew up the compromise text.

The secretaries general decided to take a step toward compromise during an earlier meeting Tuesday because the issue has attracted public attention, and due to fears that failure to pass a resolution could affect Japan's relations with other countries.

The SDP, led by Prime Minister Tomiichi Murayama, and Sakigake had insisted the motion include specific references to Japan's "acts of aggression" and "colonial rule" in Asian countries.

On Friday, the SDP rejected a compromise proposal by the LDP on the wording of the resolution, saying the LDP's draft text failed to clearly state Japan's responsibility for its wartime deeds.

The LDP said in its compromise draft that Japan fought many countries when the major powers of the day implemented acts of aggression and colonial rule over other countries.

During the Tuesday evening meeting, the LDP proposed a new compromise draft including passages that can be read as meaning that Japan implemented acts of aggression and colonial rule, and the SDP accepted the LDP suggestion, SDP sources said.

The secretaries general agreed on the draft worked out by the parties' policy-makers as a fresh compromise text based on the LDP plan, the sources said.

The SDP and Sakigake had threatened a possible breakup of the coalition should the three parties fail to agree on a joint resolution draft.

The three parties agreed when they formed the current alliance in June last year to make efforts toward such a resolution, but a number of LDP members have protested against the plan, saying the passage of such a motion would lead to a one-sided interpretation of history.

The resolution is expected to clear the Diet after the coalition makes arrangements with the opposition camp over the text, political sources said.

'Unofficial Translation' of Text

OW0706031195 Tokyo KYODO in English
0258 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — The following is an unofficial translation of the proposed Diet resolution to commemorate the end of World War II, which was agreed to Tuesday [6 June] by the secretaries general of the governing coalition parties — the Liberal Democratic Party, the Social Democratic Party [of Japan] and New Party Sakigake:

Resolution To Renew Resolve for Peace Based on the Lessons of History

This Diet, in the 50th year since the war, offers its sincere tribute to the memory of the war dead throughout the world and victims who have suffered because of war and other deeds.

Recalling the many instances of colonial rule and acts of aggression in the modern history of the world, we recognize those acts which our country carried out and the unbearable suffering inflicted on the peoples of other countries, particularly the nations of Asia, and express deep remorse.

Transcending differences in historical views of the past war, we must humbly learn the lessons of history and build a peaceful international community.

This Diet links hands with the countries of the world, under the doctrine of lasting peace enshrined in the Constitution of Japan, and expresses its determination to open up a future of coexistence for humankind.

We affirm the above.

Murayama, Others Comment

OW0706045195 Tokyo KYODO in English
0433 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — Prime Minister Tomiichi Murayama said Wednesday [7

June] that Japan will seize the occasion of the 50th anniversary this year of the end of World War II to express remorse for its militaristic past and build new relations with its Asian neighbors.

"In this year that marks the 50th anniversary of the war's end, we will express regret for our past and then create new ties with other Asian countries toward the future," the premier told reporters, commenting on the three ruling coalition parties' accord on a proposed "no-war" parliamentary resolution.

Murayama wants the resolution passed by the Diet before the June 18 close of the current sitting.

After prolonged bickering, the three parties agreed late Tuesday on the shape of a draft declaration that expresses "deep remorse" for Japan's "acts of aggression" and "colonial rule" in neighboring Asian countries before and during the war.

Chief Cabinet Secretary Kozo Igarashi, Murayama's chief of staff and top spokesman, told a news conference that the government expects the Diet to adopt a no-war resolution in line with the ruling coalition parties' draft and with the cooperation of opposition parties.

The main opposition party, Shinshinto (New Frontier Party), which had unveiled its own resolution commemorating the end of the war, voiced readiness to accept the coalition version in principle.

"We could not allow our objection to eventually kill the resolution," a senior Shinshinto official said.

The Japanese Communist Party is the only political party to oppose the proposed text, reiterating that any resolution should include an apology and a promise of government compensation payments to war victims.

Late Tuesday, Igarashi said Japan hopes its Asian neighbors will accept a planned Diet resolution that he said clearly states Japan's responsibility for its wartime actions.

"We think we can obtain the understanding of Asian nations" for the resolution, he told reporters after the coalition agreed on the wording.

But a government source said Asian neighbors, particularly China and South Korea, which was under Japan's colonial rule from 1910 to 1945, "would not have good feelings about the process of consultations" among the three parties.

The source was referring to opposition to the resolution from more conservative members of the dominant coalition partner, the Liberal Democratic Party (LDP), on the grounds it would humiliate families of Japanese soldiers who they think died honorable deaths.

Because of such objections, LDP negotiators tried to tone down the wording of the resolution referring to Japan's wartime wrongdoings.

Meanwhile, the United States is watching reaction in Japan to the ruling coalition's final agreement on the war-renouncing motion to see how it may affect Japan's political stability, U.S. officials said Tuesday.

But the officials declined to comment on the motion itself, maintaining a cautious U.S. stance over war-related issues that have already aroused public controversy between the two nations.

Britain welcomed the development in Japan, with a Foreign Office official saying the ruling coalition parties' accord signifies the stability of the Murayama administration.

The official suggested that Japan's relations with Asian countries, which suffered as a result of Japanese actions during the war, would improve if the resolution is formally adopted in the Diet.

A group of more conservative LDP lawmakers reacted with anger Wednesday to the proposed resolution, and threatened to boycott the Diet vote on it if it is submitted without any change.

"I'll be absent from the plenary session," said Seisuke Okuno, who chairs the group.

Okuno made the remark to reporters after the group called an urgent meeting and reaffirmed its opposition to the proposed resolution, describing it as "based on a one-sided charge" against Japan.

In a related development, ruling coalition officials agreed Wednesday morning to submit the resolution to a vote in the House of Representatives on Thursday and a similar resolution for a vote in the House of Councillors on Friday.

At the meeting, Murayama's Social Democratic Party proposed sending the same resolution to both houses, but the LDP withheld its consent on the grounds that no consultation has been held with its upper house members, the SDP's chief parliamentary strategist Chujo Morii told reporters.

Morii, chief of the SDP's panel on Diet business, said the ruling coalition hopes to agree with the opposition on the dates of voting.

Morii earlier in the day met his counterparts in the two opposition parties, Shinshinto (New Frontier Party) and the Japanese Communist Party, to seek their cooperation in adopting the resolution.

But the JCP opposed the proposed resolution on the grounds that it does not clearly state that Japan was responsible for wartime atrocities, Morii said.

Financial Scandal Delays War Resolution Passage

OW0706133295 Tokyo KYODO in English
1252 GMT 7 Jun 95

[FBIS Transcribed Text] Tokyo, June 7 KYODO — The passage of a controversial Diet resolution to commemorate the 50th anniversary of the end of World War II will be delayed until Friday [9 June] at the earliest, ruling coalition sources said Wednesday.

The delay is due to a squabble between the three-party ruling coalition and the main opposition Shinshinto (New Frontier Party) over the Diet testimony of two former cabinet members concerning a financial scandal involving two failed credit unions, the sources said.

The coalition of the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) [of Japan — SDPJ] and New Party Sakigake [Harbinger] failed to reach an agreement with Shinshinto over the testimony issue during an agenda-setting meeting for the budget committee of the House of Representatives.

The ruling coalition presented its draft resolution to Shinshinto at a lower house Steering Committee meeting in the hope of passing it Thursday, but Shinshinto refused to agree to the agenda, apparently linking the resolution to the testimony issue.

After much bickering, the ruling coalition parties agreed late Tuesday night on the draft of the resolution to be submitted to the current Diet session ending June 18.

The accord was reached when the LDP compromised on their persistent opposition to inclusion in the resolution of the phrases "colonial rule" and "acts of aggression" and agreed to refer to those acts as "acts Japan conducted in the past."

Meanwhile, the ruling coalition is calling for Diet testimony by former Labor Minister Toshio Yamaguchi and former Defense Agency head Keisuke Nakanishi over their alleged involvement in the financial scandal involving Tokyo Kyowa Credit Association and Anzen Credit Bank.

Shinshinto is strongly opposed to summoning Shinshinto's Nakanishi for such testimony, while Yamaguchi, who has quit the opposition party, is reportedly ready to testify before the Diet as the first politician to do so in connection with the scandal.

While the LDP is still adamantly requesting testimony by both of the former cabinet members, the SDP is tilting toward agreeing to a delay in the negotiations

over Nakanishi's testimony to the next Diet session, according to the officials.

Yamaguchi quit the party following the revelation of shady loans to companies run by his relatives from the two credit unions.

Prosecutors are investigating a series of suspected illegal loans made by the two credit unions. The former presidents of the two institutions have been accused of breach of trust for extending such loans, knowing they could not be collected.

The ruling coalition has also demanded that Nakanishi, who resigned as a Diet member, also testify before the Diet on the case as he is known to have close links with one of the presidents of the two credit unions.

Nakanishi, who was the top aide to shinshinto secretary general Ichiro Ozawa, was earlier reported to have had close links with Harunori Takahashi, the former president of Tokyo Kyowa.

In the case, 10 people, including the two credit union presidents and former Bank of Japan Governor Yasushi Mieno, have been called to the Diet for testimony.

The Finance Ministry and the central bank drafted a bailout plan calling for an infusion of public money to a special bank set up to take over the operations of the two failed credit unions.

Panel Forecasts Work Force To Peak in 2000

OW0506114695 Tokyo KYODO in English
1108 GMT 5 Jun 95

[FBIS Transcribed Text] Tokyo, June 5 KYODO — A Labor Ministry study panel forecast Monday [5 June] that Japan's workforce will begin to shrink after peaking in 2000 and the unemployment rate will rise to the 2.8-3.0 percent range.

The group on employment policy said in a report released Monday that the nation's total workforce will make a downturn after hitting 68.46 million in the peak year 2000 because of the fast aging society, coupled with a low birthrate.

Stable economic growth and structural reforms will boost the unemployment rate to 2.8-3.0 percent after staying at around 2.7 percent until around 2000, the group said.

To overcome the situation, the panel urged the government to promote economic deregulation, develop human resources to produce high value-added products and create greater job opportunities for middle-aged and senior workers.

The report will be submitted to the ministry's Employment Council next week to serve as a basis for a new five-year employment program covering the period 1995-2000, to be completed by the end of this year, ministry officials said.

The report predicted that the number of workers aged between 15 and 29 and between 30 and 54 will decrease in 2010, while those in the age bracket 55 and over will increase to 19.67 million, accounting for 29.2 percent of the total.

Japan's real-term economic growth will stay at an annual average of 3.0 percent toward the year 2000 as a result of economic deregulation and structural reforms, it said.

However, the report said, the growth rate will turn downward to 2.4 percent after 2010.

The nation's workforce will decrease to 65.59 million yen in 2010 from 66.62 million in the peak year 2000, the report said.

Poll: Major Firms To Curb New Hiring

OW0306083795 Tokyo KYODO in English
0808 GMT 3 Jun 95

[FBIS Transcribed Text] Tokyo, June 3 KYODO — One out of every three large Japanese companies surveyed plans to reduce the number of job offerings to young graduates next spring amid continued restructuring moves, a KYODO NEWS SERVICE poll showed Saturday [3 June].

The gloomy projection follows this spring's tight employment situation dubbed "the glacial age," particularly for female graduates, suggesting the corporate cold-shoulder has been particularly harsh on the young.

Experts say that since the prolonged recession which followed the collapse in the early 1990s of the "bubble economy," Japanese corporations have largely used up all their cost-cutting options other than restricting new hiring.

With the recent sharp rises in the yen's exchange value, corporations have renewed their prudent attitude toward the future course of the economy, and will continue to curb their employment of new graduates, they added.

For next spring, of the 150 companies polled in the KYODO survey, 52 said they will hire a reduced number and 47 said their hiring will be about the same as this year, while only 21 planned to increase the number of new recruits.

Excluding the 30 companies whose plans were undecided, more than 80 percent of the remaining firms appeared to be restricting their hiring of new graduates.

Particularly notable is that the companies planning to reduce new hiring are seen scattered among all industries, including the semiconductor industry, in spite of its relatively bullish business projections for this year.

In addition, 63 of the 150 surveyed companies left their starting salaries unchanged this year, some 2.2 times the number of such companies last year. Only 60 raised their starting salaries, painting a pessimistic picture for next year's prospects as well.

As for medium- and long-term employment plans, nearly 30 percent of the companies surveyed said they will gradually cut back the number of full-time employees, hinting at yet another squeeze on the tight employment situation in Japan.

The findings are based on a questionnaire survey conducted in May on a total of 150 companies — 68 manufacturers from such sectors as food, electrical machinery and automobiles, and 82 nonmanufacturers including construction, real estate, traders, and banks.

Among the manufacturers generally vulnerable to the strong yen, Hitachi Ltd. answered that it will slash its hiring of new graduates next spring by 200 from this year's 800.

NEC Corp. plans to curb employment of college graduates even for technical jobs, and Toyota Motor Corp. plans to cut its hiring of college graduates by 30 percent from this year to about 140.

Of the 14 firms in the textile and chemical sector, including Renown Inc., eight are planning not to hire any new graduates.

Among nonmanufacturers, six or two-thirds of the surveyed firms in the construction and real estate sector, including Kajima Corp. and Mitsubishi Estate Co., planned hiring reductions.

Among department stores, faced with declining sales and profits, Takashimaya Co. said it can offer no jobs for new graduates.

Among electric power companies for whom the strong yen works favorably, Chubu Electric Power Co. plans to reduce its new hiring by 126 from this year and Tokyo Electric Power Co. is also considering a reduction.

For female graduates, the situation will remain severe. NKK Corp. and Mitsui Fudosan Co., both of which recruited a sizable number of women this year, plan to offer no new jobs for women.

Companies projecting an increase in new graduate hiring include a few airlines whose business is picking up, and a handful of other companies.

Among them are Japan Airlines, Japan Air System and Mazda Motor Corp. — which did not hire any new graduates this year, fastener maker Ykk Corp. — which plans to boost college graduate hiring to 2.5 times the level of this year, and restaurant chain operator Skylark Co., due to its large business expansion plans.

Many electrical machinery manufacturers and automakers say they will employ as many new graduates as this year. Some, including IBM Japan Ltd., consider they can no longer hold off on new hires.

Ministry Issues Telecommunications White Paper

OW0606013195 Tokyo KYODO in English
0108 GMT 6 Jun 95

[FBIS Transcribed Text] Tokyo, June 6 KYODO — The introduction of competition into Japan's telecommunications market has enabled users to save a total of 3.6 trillion yen over the past nine years by triggering fee-cutting competition among carriers and forcing price cutbacks in telephone equipment, a government White Paper said Tuesday [6 June].

The outline of the 1995 White Paper on Telecommunications was explained by Posts and Telecommunications Minister Shun Oide to a cabinet meeting, government officials said.

The White Paper also urged the government to make sure that Japan takes the lead in the telecommunications business on the strength of its high technology in such areas as multimedia communications services.

Japan entered the era of competition in telecommunications in 1985, when the government privatized the then government-run Nippon Telegraph and Telephone Corp. (NTT), with public offerings of some of its shares.

Since then, Japanese users have enjoyed a total of 3.15 trillion yen in cutbacks in telecom service fees, as well as other benefits such as lower-priced household telephone equipment, the report said.

This has translated into a fee reduction of 53,000 yen per subscriber, it said.

This year's White Paper also carries a special section devoted to the changes that are taking place in telecommunications with the development of multimedia technologies.

The report urged to make sure that Japan establishes an environment which encourages the development of original software technologies capable of responding to the multimedia-related demands of the 21st century.

In addition, it urged to bolster the interoperability of various telecommunications networks so that they can meet the varied demands of users.

It also noted the need to develop technologies that would allow users to easily gain access to multimedia services and technologies.

The report said that Japan's telecommunication industry has provided greater growth in productivity than the manufacturing sector, and has above-average employment figures compared with all Japanese industrial sectors.

It said the multimedia industry should be able to absorb the surplus workforce which is growing as a result of the hollowing-out of manufacturing industries as an increasing number of Japanese businesses move their production facilities overseas in a bid to circumvent the adverse effects of the yen's appreciation on the export competitiveness of their products.

MPT Panel Drafts Report on Multimedia

OW0606015695 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 3 Jun 95 Morning Edition p 1

[FBIS Translated Text] The "panel on the fusion of telecommunications and broadcast media toward the 21st century," a multimedia-oriented advisory panel to the Ministry of Posts and Telecommunications (MPT), has disclosed a draft of its interim report to be released 8 June. To drastically revise Japan's communications and broadcasting systems, the interim report calls for early actions 1) to promote broadcasting services via optical fiber networks by "common use of communications lines" and 2) to relax the broadcast licensing system to encourage smaller companies' advance into the broadcasting business. The new policies are expected to lower barriers to the broadcasting business and open broadcasting frequencies to mobile phone use.

The advisory report calls for immediate actions to pave the way for the fusion of telecommunications and broadcast media. The report advocates broadcasting via optical fiber networks, currently used for communications only, by "common use of communications lines."

To achieve the objective, the MPT will drastically review the communications and broadcasting frameworks, which have been divided into "wire line for telephone and radio wave for broadcasting." For example, ground wave television stations may become able to rent their frequency bands to communications service providers when they adopt optical fiber cable broadcasting.

The advisory report also calls for early revisions of the Wireless Telegraphy Law and Broadcast Law. Under the existing laws, broadcasting licenses are given only to companies that own large-scale broadcasting equipment, such as transmitters, and only licensed companies can become suppliers of broadcasting programs. This is

called the principle of "concert between broadcasting hardware and software." If the principle is weakened, companies without transmission equipment would be able to advance into the broadcasting business by using optical fiber telecommunications lines provided by Nippon Telegraph and Telephone Corporation (NTT).

Optical fiber cable networks are expected to enable multichannel broadcasting. In this connection, the report calls for relaxed fairness rules, improved procedures for handling libel cases, and reinforced protection of intellectual property rights.

The panel will meet on 8 June to finalize and release the interim report. The panel will then continue discussions, and work out the final report next year to clarify directions of and procedures for revising the legal framework, such as the Telecommunications Business Law and Broadcast Law.

In response to the interim report, the MPT will carry out revisions of laws and regulations related to opening broadcasting frequency bands to telephone lines as early as this fall. A bill to revise the "concert" principle will be presented to the Diet next spring. However, broadcasters are not happy with the MPT decision because such deregulation measures just increase the number of rivals.

Japan Telecom Unveils Multimedia Phone System
OW0606131395 Tokyo KYODO in English
1018 GMT 6 Jun 95

[FBIS Transcribed Text] Tokyo, June 6 KYODO — Japan Telecom Co., a Japanese domestic telecommunications firm, said Tuesday [6 June] it has developed a multifunction pay telephone system which enables callers to talk while seeing receivers on the other end of the line on a color liquid crystal display panel.

Japan Telecom said the system will also allow callers to obtain various information, including weather forecasts, in either moving or still pictures on the display panel.

The system also will function as a facsimile machine, the company said.

The device will be displayed at a telecommunications exhibition opening Wednesday in Tokyo.

North Korea

Spokesman: Nuclear Talks To Be 'Concluded Soon'
SK0706035095 Pyongyang Korean Central
Broadcasting Network in Korean 0309 GMT 7 Jun 95

[FBIS Translated Text] A spokesman for the DPRK Foreign Ministry on 7 June gave the following answer to the question posed by a KCNA reporter on the DPRK-

U.S. talks in Malaysia that have reached a conclusive stage [kyolsok tangyee turosongot]:

In the DPRK-U.S. talks held in Malaysia since 19 May, the two sides have discussed serious problems raised in connection with provision of the light-water reactors. In the afternoon sitting of the talks on 6 June, the two sides held repeated discussions and finally reached agreement in principle on the main issues, such as the mode for signing the agreement on selection of the type of light-water reactors, the U.S. side's responsibilities, and the bearing of expenses for the arrangement of the site.

Based on this, the DPRK and the United States will begin working negotiations to prepare joint documents this morning.

We think that as long as the dialogue partner respects the principles already agreed upon, the talks will be concluded soon [kyolsok toeriragot].

'Agreement in Principle on Major Issues'
SK0706041095 Pyongyang KCNA in English
0403 GMT 7 Jun 95

["Foreign Ministry Spokesman on DPRK-U.S. Talks" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — A spokesman of the Foreign Ministry of the Democratic People's Republic of Korea answered a question put by KCNA today concerning the ongoing DPRK-U.S. talks in Malaysia which have reached the final stage.

He told KCNA:

At the DPRK-U.S. talks in Malaysia since May 19, both sides have sincerely discussed serious issues related to the provision of light water reactors.

At the talks held on the afternoon of June 6 after repeated discussions, both sides reached agreement in principle on major issues such as the choice of the reactor model, the mode of contract-making, the liabilities of the United States and the expenses for the adjustment of the construction sites.

On this basis, both sides have begun working-level consultation for the formulation of a joint document this morning.

We think the talks will soon end if the dialogue partner respects the agreed principles.

Daily Urges Withdrawal of U.S. Nuclear Arms

SK0706101695 *Pyongyang KCNA in English*
1007 GMT 7 Jun 95

["Nuclear Weapons Should Be Completely Abolished"
— KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — The world peace-loving people hope to live in a peaceful world free from nuclear weapons and this hope will be realized only when all sorts of nuclear weapons are completely abolished on the earth, stresses an article of NODONG SINMUN today.

The author of the article goes on:

To stop the tests of nuclear weapons and their production is the most important matter in completely abolishing all nuclear weapons on the earth and building a new peaceful world.

Nuclear powers should proclaim the stop of tests of nuclear weapons before the world and give it up forever.

Describing nuclear weapons as "war deterrent" is designed to justify their production.

The nuclear weapons are produced to be used and mankind cannot escape from the danger of nuclear war so long as the production of nuclear weapons continues.

In order to build a peaceful world free from nuclear weapons the nuclear weapons should be completely removed from the world.

The nuclear powers have no ground to refuse complete abolition of nuclear weapons now that the bipolar structure of confrontation between the West and East has collapsed.

It is an important matter, in withdrawing nuclear weapons, to remove nuclear weapons from the areas where many nuclear weapons are stationed and danger of nuclear war is great.

Now the Korean peninsula is the place in which nuclear weapons are very densely deployed and the danger of nuclear war is bigger than other areas of the world.

Withdrawal of U.S. nuclear weapons from South Korea and its vicinity and denuclearization of the Korean peninsula will contribute to peace and security of the world as well as Asia.

Establishment of a nuclear-free, peace zone is an important way of abolishing nuclear weapons and removing the danger of nuclear war.

For building a new world free from nuclear weapons it is important to strengthen in-depth observation and control, especially over nuclear powers.

The method of controlling non-nuclear weapon states while ignoring the main culprits of nuclear war cannot completely remove the danger of nuclear war in the world. On the contrary, it will increase the danger of nuclear war. Impartial nuclear control over all countries of the world can prevent nuclear arms race in the world and completely abolish the nuclear weapons.

Radio Reports U.S. Congressman's Departure

SK0606133595 *Pyongyang Korean Central*
Broadcasting Network in Korean 1304 GMT 6 Jun 95

[FBIS Translated Text] U.S. Congressman Bill Richardson and his entourage returned home today by plane. Ho Chong, adviser to the Foreign Affairs Committee of the Supreme People's Assembly, saw off the entourage at the airport.

U.S., Lao Groups Arrive; Congressman Leaves

SK0706052395 *Pyongyang KCNA in English*
0452 GMT 7 Jun 95

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — A delegation of the Lao People's Revolutionary Party led by Thongsavath Khaykham Phithoune, member of the Party Central Committee and chief of cabinet, and a delegation of the U.S. Understand-Korea Movement led by Chairman Dale Walter Kietzman arrived in Pyongyang on Tuesday.

Bill Richardson, member of the House of Representatives of the United States, and his party left here for home on Tuesday.

ROK 'Military Provocations' in DMZ Reported

SK0706045095 *Pyongyang Korean Central*
Broadcasting Network in Korean 2100 GMT 2 Jun 95

[FBIS Translated Text] According to a military source, the South Korean puppets have perpetrated a grave military provocation of bringing heavy weapons into the DMZ area.

At around 0845 on 1 June, the rascals of the puppet Army deployed recoilless guns, which they had secretly brought into a military police guardpost in the DMZ area southeast of the Military Demarcation Line (MDL) marker No. 0410 in Kumsa-ri, Chorwon County. Again, at around 1440 that day, they openly brought two recoilless guns and a 12.7-mm large-caliber machine gun into the DMZ area southeast of the MDL marker No. 0160 in (?Taedoksan-ri), Changpung County, in broad daylight. They deployed these weapons at the military police guardpost there and loaded some cartridges into these weapons, which are aimed at, and seriously threaten the safety of, our side's civil police guards.

Also, at around 1005 that day, about 30 rascals of the puppet Army fully armed with machine guns and automatic rifles sneaked into, and frantically conducted an exercise of securing a position in the DMZ area southeast of the MDL marker No. (?0200) in Sasi-ri, Changpung County. Again at around 1210 and 1335, they kicked up a fuss by bringing vehicles carrying several tens of armed rascals into a military police guardpost in the DMZ area east of the MDL marker No. 0020 in (?Kyerim-ri), Panmun County.

Prior to this, at around 1008 on 31 May, the rascals of the puppet Army, who had been entrenched in a military police guard post southeast of the MDL marker No. 1270 in Wolbisan-ri, Kosong County, deployed two 90-mm recoilless guns and two 12.7-mm large-caliber machine guns, which they had already brought into that area in a secret and illegal fashion, all together in an area in front of the military police guardpost and at the left and right-side ridges of the guard post there openly in broad daylight.

In the meanwhile, at around 0820 that same day, the puppets brought a vehicle carrying about 20 ammunition boxes into a military police guard post southeast of the MDL marker No. (?0745) in Kundong-ri, Kimhwa County; and at around 0920 and 1440 [0020 and 0520 GMT], about 100 and several tens of the rascals of the puppet Army armed with heavy weapons and automatic weapons, who had sneaked into the DMZ area south of the MDL marker Nos. 1280 and 0330 in Wolbisan-ri, Kosong County and in (?Kijon-ri), Changpung County, were frantically wandering about this area and instigating a war fever.

Due to the South Korean puppets' reckless military provocative acts which are getting more excessive with each passing day, the situation in the DMZ is rushing toward a very dangerous phase.

KCNA Warns Against ROK 'Provocations'
SK0706054095 Pyongyang KCNA in English
0440 GMT 7 Jun 95

["Pronounced Military Provocations" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — The South Korean puppets Monday brought five military vehicles with more than one hundred bandits armed with machine guns and automatic rifles aboard into the southern portion of the Demilitarized Zone in the central sector of the front and let them take battle positions, and introduced 90 mm recoilless guns and 12.7 machine guns into the region and levelled them at a post of the North side's civil police, gravely threatening

the safety of People's Army soldiers on a routine duty, military sources said.

And the puppets let loose some 30 puppet army bandits with mine detectors to stage a frantic exercise of clearing the passage for attack, scouting topography and mapping out a plan of operation.

Such military provocations that are getting all the more undisguised are a foolish rash act of the Kim Yong-sam clique to find a way out of the worst political crisis with inter-Korean confrontation and the escalation of tensions.

The South Korean puppets must clearly see that war game in the DMZ will lead to their self-destruction.

Sit-In by Korea Telecom Union Members Reported
SK0706053395 Pyongyang KCNA in English
0446 GMT 7 Jun 95

["Telecommunication Co. Walkout Continues in S. Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — Strike of Telecommunication Co. labour unionists for the right to existence and democracy is gaining momentum in South Korea, a Seoul-based radio reported.

The union leaders, who are continuing a sit-in for ten consecutive days at Myongdong Cathedral and Chogyae Temple in Seoul, Sunday demanded that the management respond to the call for collective bargaining and that the puppet authorities stop arresting the leaders of the labour union.

The labour union warned that in case the demand is not met, all the labour unionists will mount a hunger strike, and that on the tenth of June they will hold a large-size rally to be sponsored by regional headquarters throughout South Korea.

Under the decision, on June 5 the labour unionists went over to a hunger strike with lunch time as an occasion and held rallies at telephone exchange offices and demanded that the puppet authorities stop suppressing the labour union and that the management show a response to the call for collective bargaining.

In another development, an estimated 290 Buddhist priests released a declaration on the situation on May 31 denouncing the Kim Yong-sam group for its fascist crimes such as ruthlessly repressing the workers, who have recently turned out in a struggle for the right to existence.

The document demanded that the puppet government put a halt to the roundup and search for Telecommunication Co. labour unionists and workers of the Hyundai

Motor Company, immediately stop violent repression, discontinue calling out police forces to crack down upon the Telecommunication Co. labour unionists, who are staging a hunger strike at Chogy Temple, stop terrorism and guarantee lawful labor union activities.

If a response is not shown to the calls, it warned, the Buddhists will mount an anti-"Democratic Liberal Party" campaign in the coming "local autonomy elections."

Kim Yong-sam 'Strong-Arm' Labor Policy Decried

SK0706050895 *Pyongyang KCNA in English*
0449 GMT 7 Jun 95

["Fascist Offensive To Stifle Labour Movement" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — NODONG SINMUN today comes out with a commentary denouncing the Kim Yong-sam fascist clique for more harshly suppressing the struggle of South Korean workers.

Some time ago, the Kim Yong-sam group called a "meeting for measures of ministries and agencies concerned" at which it "reconfirmed its strong-arm policy" not to tolerate the just strike of workers of the Telecommunication Co. of South Korea for vital rights and democracy, labelling it as an "illegal group action" again.

The analyst of the paper says:

Such a behaviour of the puppets is part of premeditated fascist offensive motivated by a criminal design to stifle the labour movement which is now gaining momentum in South Korea, secure their political stability and thus prolong the days of their office.

The Kim Yong-sam group fears that the struggle of workers for vital rights and democracy may develop into an anti-"government" struggle and frustrate its design to "promote the stability in the latter half of its office" through the upcoming "local autonomy elections" and prolong the days of its office.

The Kim Yong-sam group intends to save its tottering fascist "regime" with the bestial sword-brandishing against the people. However, this is a futile attempt.

Students Send Letters to ROK Counterparts

SK0706055395 *Pyongyang KCNA in English*
0437 GMT 7 Jun 95

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — Many university student committees under the North side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchong-

hangnyon) have sent letters to the general student councils of universities and colleges under the South side headquarters of Pomchonghangnyon calling upon the students in the North and South of Korea to play the role of vanguard in the struggle to successfully hold a grand national reunification festival without fail to commemorate the 50th anniversary of Korea's liberation from Japanese imperialist colonial rule.

The letters say it is an important time for the students in the North and South of Korea to play the role of reunification vanguard in the struggle to bring about an epochal phase for the reunification of the country, decisively foiling the attempts of the Kim Yong-sam clique that is trying to emasculate the movement of the fellow countrymen for independence and reunification and going against national reconciliation and peaceful reunification in conspiracy with foreign forces.

They call for more stubborn struggle for a day when the fellow students in the North, the South and overseas will raise the cheers of reunification, hugging each other at the grand national reunification festival commemorating the 50th anniversary of national liberation.

The letters were sent from the Student Committee of Kim Il-song University to the General Student Councils of Konguk and Sogang Universities, from the student committee of Kim Chaek University of Technology to the General Student Council of Hanyang University and the National Reunification Committee of Kyongbuk National University, from the Student Committee of Kim Hyong-chik University of Education to the General Student Councils of Sogang University, Paeje University and Kyongbuk National University, from the Student Committee of Pyongyang University of Foreign Studies to the General Student Councils of Tanguk University, Korea University and South Korean University of Foreign Studies, from the Student Committee of Pyongyang University of Railways to the General Student Council of Sangji University, from the Student Committee of Pyongyang University of Dramaturgy and Cinematics to the General Student Councils of Korea University, South Korean Radio and Correspondence College and Kwandong University, from the Student Committee of Pyongyang Music and Dance University to the General Student Councils of Hong Song Art Special College, Chugye Art University, Ehwa Women's University and Kyonghui University, from the Student Committee of Pyongyang University of Fine Arts to the General Student Councils of Ye Hyol Central University and Myongji University, from the Student Committee of Chang Chol-ku University to the General Student Councils of Korea University, Kyongbuk National University, Incheon University and Kumo University of Technology, from the Student Committee of Han Tok-su Univer-

sity of Light Industry to the General Student Council of Pusan National University and from the Student Committee of University of Printing Industry to the General Student Councils of South Korean National College of Sports Science, Korea Baptist Theological Seminary and Seoul Health Special College.

Vice Premier Kim Yong-nam Visits Iran

Meets Iran Foreign Minister 29 May

SK0706023895 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 4 Jun 95

[FBIS Translated Text] Kim Yong-nam, vice premier and foreign minister of our country, held talks with Iranian Foreign Minister 'Ali Akbar Velayati on 29 May.

From our side, the foreign minister's delegation and the ambassador to Iran attended the talks, and the other side was represented by the vice foreign minister, pertinent functionaries, and the Iranian ambassador to our country.

The talks were held in a friendly atmosphere.

Returns From Iran 6 Jun

SK0706031495 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 7 Jun 95

[FBIS Translated Text] Vice Premier and Foreign Minister Kim Yong-nam and his entourage, who visited Iran, returned home by plane on 6 June.

They were met at the airport by First Vice Foreign Minister Kang Sok-chu and other functionaries of the relevant sector and Mir Eskandari [name as heard], charge d'affaires ad interim of the Islamic Republic of Iran to the DPRK.

Vice Premier and Foreign Minister Kim Yong-nam and his entourage, who were visiting Iran, departed the capital city of Tehran on 2 June. The flags of the DPRK and Iran were hoisted at the airport. Seeing off the foreign minister and his entourage were the vice foreign minister of Iran, the Iranian Ambassador to the DPRK, other functionaries of the relevant sector, and the DPRK Ambassador to Iran and our embassy personnel.

During his sojourn in Iran, the DPRK foreign minister met the Iranian minister of cooperatives.

Hwang Chang-yop Receives Russian Publisher

SK0606213995 Pyongyang KCNA in English 1516 GMT 6 Jun 95

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — Secretary of the C.C. [Central Committee], the Workers' Party of Korea Hwang Chang-yop today met Nikolay

Mishin, director of the Paleya Publishing House of Russia.

On hand was Yang Tal-chu, vice-chairman of the Committee for Cultural Relations With Foreign Countries.

In their meeting, the director said the Korean people are making a progress victoriously under the banner of the chuche idea and registering remarkable success in all fields.

Choe Kwang Meets Cuban Air Force Delegation

SK0706051395 Pyongyang KCNA in English 0451 GMT 7 Jun 95

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — Choe Kwang, chief of the General Staff of the Korean People's Army, met the visiting Cuban Air Force delegation led by Lt. Gen. Ruben Martinez Puente, vice-minister of the Revolutionary Armed Forces and air and anti-aircraft commander of Cuba, on June 6.

Present there were General Cho Myong-nok of the Korean People's Army and Jose Ramon Rodriguez Varona, Cuban ambassador to Korea.

WPK Group Returns From Central America Trip

SK0706031995 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 1 Jun 95

[FBIS Translated Text] The delegation of the Workers Party of Korea [WPK] headed by Pak Kyong-son, vice director of a department of the WPK Central Committee, returned home by train [as heard] today from its visits to Nicaragua, Mexico, and Panama.

The delegation was met at Pyongyang Railway Station by Chi Chae-yong, vice director of a department of the WPK Central Committee.

Envoy Pays Farewell Visits to Nicaragua Leaders

Meets President

SK0706032295 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 3 Jun 95

[FBIS Translated Text] Yi Kwang-nok, our country's ambassador, paid a farewell visit to Nicaraguan President Violeta Chamorro on 29 May. At the meeting the ambassador delivered the great leader Comrade Kim Chong-il's greetings to Violeta Chamorro.

The president expressed deep thanks for this and asked the ambassador to deliver his most sincere greetings to the great leader Comrade Kim Chong-il.

The president said: President Kim Il-song was the greatest man. Extending the utmost respect to such a great

man is our due duty. The relations of friendship between the DPRK and Nicaragua will constantly develop in the future.

Meets Sandinist Leader Ortega

SK0706032995 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 5 Jun 95

[FBIS Translated Text] Yi Kwang-nok, our country's ambassador to Nicaragua, paid a farewell visit to Daniel Ortega, general secretary of the Sandinist National Liberation Front of Nicaragua, on 31 May.

At the meeting the ambassador delivered the great leader Comrade Kim Chong-il's greetings to General Secretary Daniel Ortega.

The general secretary expressed deep thanks for this and asked the ambassador to deliver his most sincere greetings wishing for longevity to the great leader Comrade Kim Chong-il.

The general secretary said he firmly believes that the revolutionary and fraternal relations of friendship between the Sandinist National Liberation Front and the Workers Party of Korea will continue to strengthen and develop in the future, too. He stressed he hopes that the Korean people will win greater victory in their struggle for socialist construction and national reunification under the wise leadership of the great leader Comrade Kim Chong-il.

Lao People's Party Delegation Visits

Visits Kim Il-song Statue

SK0706053195 Pyongyang KCNA in English 0454 GMT 7 Jun 95

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — The visiting delegation of the Lao People's Revolutionary Party led by Thongsavath Khaykham Phithoune, member of the Party Central Committee and chief of cabinet, laid a floral basket and made a bow before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang on June 6.

Written on the ribbon hanging from the floral basket were letters "The Great Leader Comrade Kim Il-song Will Be Immortal."

Holds Talks With WPK Delegation

SK0706111395 Pyongyang KCNA in English 1026 GMT 7 Jun 95

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — Talks were held here today between delegations of the Workers' Party of Korea [WPK] and the Lao People's Revolutionary Party [LPRP].

Present there on the Korean side were Hyon Chun-kuk, department director of the WPK Central Committee, and other officials concerned and, on the opposite side, were the members of the delegation led by Thongsavath Khaykham Phithoune, member of the Central Committee and chief of the cabinet of the LPRP.

At the talks both sides informed each other of the activities of their parties, discussed the development of the friendly relations between the two parties and two countries and exchanged views on a series of issues of common concern.

The talks proceeded in a friendly atmosphere.

Foreign Media Laud Kim Chong-il Chongnyon Letter

SK0706103395 Pyongyang KCNA in English 1011 GMT 7 Jun 95

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — Foreign media reported "On developing the movement of Koreans in Japan onto a new higher stage," a letter sent by the great leader Comrade Kim Chong-il to the General Association of Korean Residents in Japan (Chongnyon) and Koreans in Japan on the occasion of the 40th anniversary of the formation of Chongnyon.

The Jordanian paper AL ASWAQ June 1 printed a portrait of Comrade Kim Chong-il and carried his letter under the title "Highly Important Historic Letter."

Broadcasting the letter the Cuban Radio Progreso May 30 said that in the letter Comrade Kim Chong-il, the great leader of the Korean people, highly appreciated Chongnyon for the great achievements it made in the struggle for defending the national rights and interests of Koreans in Japan as a dignified organization of overseas citizens of the Democratic People's Republic of Korea and for the tremendous feats it performed for the homeland and the nation over the past 40 years, and set tasks to develop the movement of Korean residents in Japan onto a new higher stage.

The radio CADENA HABANA, too, reported the gist of the letter on May 31.

The letter was also reported by the Madagascan paper IMONGO VAOVAO June 2 and a radio of Guyana May 30.

Foreign Embassy Officials Help Transplant Rice

SK0606150895 Pyongyang KCNA in English 1501 GMT 6 Jun 95

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — Foreign embassy officials here recently helped different cooperative farms in their farming.

Cuban Embassy officials helped the Korea-Cuba Friendship Hwasong Cooperative Farm in its rice transplanting, Chinese Embassy officials the Korea-China Friendship Taekam Cooperative Farm, Cambodian Embassy Officials the Korea-Cambodia Friendship Paek-sok Cooperative Farm, Iranian Embassy officials the Korea-Iran Friendship Saenal Cooperative Farm, Mongolian Embassy officials the Korea-Mongolia Friendship Chongpang Cooperative Farm, Pakistani Embassy officials the Korea-Pakistan Friendship Taesong Cooperative Farm, Bulgarian Embassy officials the Korea-Bulgaria Friendship Samjigang Cooperative Farm, Algerian Embassy officials the Korea-Algeria Friendship Migok Cooperative Farm, Vietnamese Embassy officials the Korea-Vietnam Friendship Chamjin Cooperative Farm, and Indonesian Embassy officials the Korea-Indonesia Friendship Yaksu Cooperative Farm.

Meanwhile, members of the Pyongyang mission of the National Democratic Front of South Korea transplanted rice-seedlings for reunification on the Haksan Cooperative Farm.

Kim Chong-il Thanks Mangyongdae Security Unit

SK0706050295 *Pyongyang KCNA in English*
0424 GMT 7 Jun 95

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to Yi Myong-chol, Sin Pong-man and Kim Kyong-il of the Mangyongdae District Security Department of Pyongyang municipality, Cho Kyong-sop, a car driver of the Unha Associated Trading Bureau, Tak Chong-nam, a car driver of the external service bureau of the Administration Council, and crewmen of the General Bureau of Civil Aviation [words indistinct] virtues.

They properly served conveniences of foreign tourists and overseas compatriots and found and returned to owners what they lost during the Pyongyang International Sports and [words indistinct] for peace held in April.

Deeply moved by their deeds, foreign guests and Koreans overseas [words indistinct] are unimaginable in other countries and spoke highly of the noble mental and moral traits of the Korean people under the socialist system of chuche.

Children's Groups Visit Kim Il-song Statues

SK0706054895 *Pyongyang KCNA in English*
0428 GMT 7 Jun 95

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — Children's union members laid floral baskets before the statues of the great leader President Kim Il-song in different parts of the country on June 6 in commemoration of the 49th founding anniversary of the Korean Children's Union.

Children's Union members, officials responsible for the guidance over the work of the Children's Union and personnel related to education of school children from across the country called at the statue of President Kim Il-song on Mansu Hill in Pyongyang to express infinite reverence for him.

Floral baskets, bouquets and flowers from the national organization of the Korean children's union, senior middle schools and primary schools in Pyongyang were laid before the statue of President Kim Il-song, while the band struck up the floral basket-laying music. Floral baskets, bouquets and flowers were also laid before the statues of President Kim Il-song at the Pyongyang School Children's Palace, the Mangyongdae Revolutionary School and many other schools in the capital.

On the same day, school children of Children's Union organizations at all levels in local areas visited the statues of President Kim Il-song in their hometowns.

On the same day, school children of Children's Union organizations at all levels in local areas visited the statues of President Kim Il-song in their hometowns.

Kim Il-song Efforts for Children Noted

SK0606233895 *Pyongyang KCNA in English*
1513 GMT 6 Jun 95

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — Today is the 49th anniversary of the foundation of the Korean Children's Union (KCU) by the great leader President Kim Il-song (June 6, 1946).

On this occasion the three million members of the KCU are calling at the statues of President Kim Il-song with fervent yearning for him and making a pledge of loyalty. He devoted his whole life to the happiness of the rising generation.

He spared nothing for the happiness of the children for over 80 years.

The great leader President Kim Il-song said:

"In our society the child is king of the country. We deny the children nothing."

Embarking upon the road of revolution in his early years, he formed the Saenal Juvenile Union, the first communist children's revolutionary organization, built schools for the children's corps in the guerrilla bases and brought them up to be heirs to the revolution during the anti-Japanese revolutionary struggle.

He spent the significant 20 won left by his mother Kang Pan-sok as a heritage to make clothes for the Children's Corps members in Maanshan. This emotional story has been handed down generation after generation.

After the liberation of the country he made sure that priority was given to the construction of schools and kindergartens over that of the factories and enterprises destroyed by the Japanese imperialists. And he put the question of pencil production on the first agenda item of the provisional People's Committee of North Korea in 1946.

In the grim days of the fatherland liberation war he took state measures to continue the education of pupils and to build creches and primary schools for orphans in different parts. He also saw to it that schools were rehabilitated above anything else and the system of school fee, next to nothing, was abolished totally in the postwar period when everything was ruined and the nation's condition was difficult.

On September 1, 1972 when a new school year began with a universal 11-year compulsory education enforced for the first time in Korea, the president personally went to the Taedongmun Primary School in Pyongyang, in the capacity of a parent of children, and acquainted himself in details with their study.

Whenever he saw a rare fish and bird, he sent them to schools for the study of pupils, and during his on-the-spot guidance, he took a measure to build a branch school for a few pupils, concerning himself about the distance from their homes to the school.

It is thanks to the deep care of the president that more than 1,600 branch schools have made their appearance in all parts of the country and school trains, buses, boats and cars are running.

Korea has nearly 100 school children's palaces and children's halls including the Mangyongdae School Children's Palace. There are many children's union camps in scenic places of the country.

A regular system of preferentially supplying new school uniforms and things and educational and cultural apparatuses and materials has been established in Korea.

On June 8 last year, one month before his death, President Kim Il-song sent a congratulatory message to the 5th meeting of the Korean Children's Union and posed for a photograph with the participants in the meeting.

The day before his death, the president gave a competent official precious teachings related to the supply of school uniforms.

Foreign experts in children's affairs express wonder at the reality of Korea which is bringing up the children at state expense. And foreign economic experts say that its secret cannot be found even with computers.

When alive, President Kim Il-song was asked by many foreigners how Korea grew so large a number of children at the state expense and if it would do so in the future. He confidently replied that Korea has spared nothing for the education of the children of younger generation, the future of the country, and will do so in the future although it is a heavy burden to it.

Proceeding from such a firm principle, President Kim Il-song showed all kinds of loving care for the children, calling them "kings" of the country.

Such love for the children is being fully shown by the great leader Comrade Kim Chong-il today.

Kim Il-song Rice Transplanting at Mirim Marked

*SK0706052995 Pyongyang KCNA in English
0458 GMT 7 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — It has been 48 years since the great leader President Kim Il-song transplanted rice on Mirim plain in the suburbs of Pyongyang.

President Kim Il-song enforced the agrarian reform, as the first measure of democratic reforms after the liberation of the country, so as to gratify the centuries-old aspiration of peasantry for land. And on June 7, 1947, he went to the Mirim plain to transplant rice with farmers.

That day he said that the yield of rice should be increased and the stockbreeding developed to improve the people's living standard, and had a simple lunch with farmers.

The Mirim plain is a more significant place since the great leader Comrade Kim Chong-il and Comrade Kim Chong-suk, an indomitable communist revolutionary fighter, left footprints of glory there.

A meeting was held on the spot Tuesday to mark this anniversary.

It was stressed there that this year in which falls the 50th anniversary of the foundation of the Workers' Party of Korea should be adorned with bumper harvest by doing farm on a scientific and technical basis as required by the chuche method of farming true to the party's agriculture-first policy, holding the respected leader President Kim Il-song in high esteem for all ages.

Kim Il-song Efforts To Develop Industry Marked

*SK0706111595 Pyongyang KCNA in English
1017 GMT 7 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 7 (KCNA) — June 7 is day of local industry in Korea.

Greeting their red letter day with increased production, the working people in the local industrial domain are recollecting the great efforts made by the great leader President Kim Il-song for the development of the nation's local industry.

Many years ago, he advanced the policy of simultaneously developing centrally-controlled industry and local industry in the development of light industry and devoted strenuous efforts to the development of local industry.

At the plenary meeting of the Central Committee of the Workers' Party of Korea held in June 1958, he set tasks for building local industry factories in all provinces, cities and counties and powerfully encouraged all the people to fulfil them.

In months after the plenary meeting, more than 1,000 local industry factories were built throughout the country.

With a view to making the factories pay off profusely, he gave on-the-spot guidance to local industry factories in Changsong County, Sakju County, Tokchon City and other areas to resolve all the problems arising in the management and operation of the factories and clearly indicate the way to be followed by them.

He saw to it that an all-people campaign for building local industry factories was conducted vigorously again before the Fifth Congress of the Workers' Party of Korea.

As a result, 1,760 local industry factories made their appearances in 1970.

Today each city and county has more than 20 modernly-equipped locally-run factories on an average. The factories produce foodstuffs, fabrics, various kinds of daily necessities, etc. [word indistinct] relying on raw materials in the cities and counties.

The main varieties of mass consumer goods produced by them number more than 10,000 and enlarged varieties more than 40,000. So, the local industry factories are greatly conducive to the implementation of the party's light-industry-first policy.

Many of goods produced by local industry factories are popular in foreign markets.

Scientific Achievements in Industry, Agriculture

Academy Research Efforts

952C0104A *Pyongyang NODONG SINMUN*
in Korean 6 Jan 95 p 4

[By reporter Pyon Chang-tok]

[FBIS Translated Excerpt] [passage omitted] The scientists at the State Academy of Sciences have 1,000 research objectives for this year. This mirrors the unshakable determination of our scientists to add glory to their country, their fatherland, by supporting the leadership of the great leader Comrade Kim Chong-il with loyalty.

Keenly realizing that science and technology is vital to the economic development of the country and the prosecution of the technological revolution, the science administration functionaries and scientists at the Academy of Electronics and Automation and the Academy of Biological Sciences are engaged in research activities by giving full scope to the collectivist spirit. They are waging a vigorous struggle to develop electronic engineering, the electronics industry, biological engineering, and mechanical engineering—the cream of modern science and technology—onto a higher stage and achieve computerization and robotization in various sectors of the national economy by stepping up joint as well as cooperative researches.

In particular, the scientists at various research institutes under the Academy of Electronics and Automation are stepping up research work designed to improve the performance of electronic materials and electronic elements used in the newly developed ultra mini computer and drastically expand the use of computers.

Scientists in the field of biological sciences who have embarked upon the march to glorify the 50th founding anniversary of the party as a festival of the victors, continue to exert great efforts in researches in cellular engineering, genetic engineering, bioengineering, and other biological science fields.

These scientists are racking their brains with a burning desire to introduce the research achievements of modern biological sciences in agriculture, animal husbandry, medicine, and the food industry and develop new strains and breeds of highly productive farm crops and domestic animals.

The State Academy of Sciences is turning its attention to developing new scientific fields while stepping up research in basic science to apply it in the development of the national economy and science and technology. Research institutes under the State Academy of Sciences

have set prospective goals to explore new domains of high technology and science relevant to their respective specialties and are making bold efforts to achieve these goals.

Profoundly aware of the fact that this year's march is an undertaking to add glory to our mass-centered socialist system founded by the fatherly leader, all scientists under the State Academy of Sciences attach particularly great importance to implementing our party's revolutionary economic strategy.

All research institutes and all scientists at the Academy of Agricultural Sciences, the Academy of Light Industrial Sciences, and other research organizations under the State Academy of Sciences have launched into the drive to solve scientific and technological problems. They have set hundreds of research goals in order to help implement the party's revolutionary economic strategy. They are out on the bustling field stepping up creative cooperation with technicians and workers and expanding the results of their research efforts.

Scientists at the Academy of Agricultural Sciences are out in the Yonbaek Plain, the Ongjin Plain, and the Yongchon Cooperative Farm in Hwangju—places which bear the indelible traces of the on-the-spot guidance tours made by the fatherly leader—to carry out their determination to solve scientific and technological problems encountered in agricultural production.

To be loyal and filial to the great leader Comrade Kim Chong-il by making greater scientific research successes, these scientists are showing a creative enthusiasm for developing new crop strains and new cultivating methods to secure a stable harvest in cooperative farms on the east coast, under whatever adverse natural and climatic condition.

The revolutionary ethos is given full scope also by the scientists at various other academies and institutes, including the Academy of Biological Sciences, who have launched into the drive to implement our party's agriculture-first policy.

These scientists are actively pushing ahead with the task to develop more potent fertilizers and introduce them in production while stepping up research to introduce in production new varieties that can increase the per-chongbo [one chongbo equals 2.451 acres] grain output. They are also making energetic efforts to solve scientific and technological problems the solution of which is urgently needed in fertilizer factories in normalizing production at a high level.

The functionaries of the State Academy of Sciences, under the leadership of the party organization, are giving substantive guidance to scientists while securing

adequate research conditions in a timely fashion to suit their heightened revolutionary zeal.

The scientists of Hamhung branch, the Academy of Light Industrial Sciences, and other academies and research institutes under the State Academy of Sciences are making no small contribution to normalizing production and modernizing the production processes at various vinylon factories.

Scientists at various research institutes are exerting efforts to resolve scientific and technological problems encountered in expanding machinery and equipment at light industry factories.

Scientists at the State Academy of Sciences are greatly contributing, through their energetic research activities, to implementing our party's trade-first policy and organizing and commanding railway transportation in a scientific manner. They are also playing a part in developing the metal industry and increasing coal production.

The scientists at the State Academy of Sciences, who are actively contributing to the worthy struggle to promote the prosperity of the country through their scientific and technological know-how, have made their first steps in the New Year's march in high spirit and will produce great results in their scientific researches by maintaining the same spirit.

Cooperation With Light Industry

952C0104B *Pyongyang NODONG SINMUN*
in Korean 10 Jan 95 p 4

[By reporter Song Pil-chang]

[FBIS Translated Excerpt] The scientists at the Light Industry Sciences Institute [LISI] of the State Academy of Sciences who have begun their struggle in the propitious new year by following the dazzling path indicated by the great leader Comrade Kim Chong-il, are engaged in energetic research activities to make the country richer and stronger by achieving greater scientific and technological successes. [passage omitted]

They first of all studied in depth the desire of the party expressed in the joint editorial carried in NODONG SINMUN, as well as the party's revolutionary economic strategy, and have been making efforts to implement them in their scientific research work.

At the same time, they have reviewed all subordinate research institutes and research centers and scientists were pursuing to mark the 50th founding anniversary of the party, and on this basis, vigorously pushed forward the task to set additional research goals necessary to implement the party's revolutionary economic strategy.

On the other hand, the Light Industry Sciences Institute carried out the task to have its functionaries take the lead and visit important factories and enterprises in order to size up their actual operational conditions. It also had the responsible functionaries of the research centers under its jurisdiction visit the light industry factories in their respective areas to find out what scientific and technological problems they needed to solve.

On the basis of this survey, the academy held mass discussions and set separate research goals—goals for solving those scientific and technological problems which require long-term solutions and goals for solving immediate scientific and technological problems—and worked out measures to attack them one by one by an exterminatory method with emphasis placed on the key links.

The academy made concentrated efforts to solve urgent problems in production in accordance with the party's desire to solve scientific and technological problems encountered in reality by strengthening creative cooperation between scientists and producers. Particularly, efforts were focused on solving problems such as: problems encountered in the production of consumer goods; problems in normalizing production by using materials available in our country; problems in improving the quality of goods, and other important scientific and technological problems.

To this end, the academy exerted efforts to strengthen cooperation between scientists and producers.

These efforts immediately proved their worth. These measures taken by the academy eliminated the phenomenon of putting one's subjective ambition at the forefront and pursuing the kinds of research work far removed from reality. They linked scientific research closely to actual production, and in this process, creative cooperation between scientists and producers was enhanced.

As a result, there have been tangible results from research activities.

In the past, the scientists of the Plastic Research Center and other research institutes went out to shoe factories throughout the country to step up cooperation with the factory workers and technicians and enabled them to produce good quality shoe soles from waste materials which they used to cast away, thereby contributing to the development of the shoe industry.

The scientists of the Food Research Institute succeeded in producing a new kind of soybean milk, easy to drink, nutritious, and easy to preserve. On the other hand, the scientists of the Textile Research Institute solved scientific and technological problems in producing and

dyeing silk yarn and silk fabrics, enabling silk factories to improve the quality of products while lowering the cost of production drastically.

In addition, the Food Research Institute brought a great profit to the state by increasing the edible oil extraction rate without using solvents. Many other institutes under the LISI achieved great results.

While consolidating these results, the academy backed up the scientists to enable them to exert strenuous efforts to push forward their research projects.

The scientists of the LISI are all the more vigorously carrying out scientific research work in order to mark this propitious year, on which fall the 50th founding anniversary of the party and the 50th founding anniversary of national liberation, with excellent scientific and technological achievements, upholding the leadership of the great leader Comrade Kim Chong-il.

Improved Plating Process

952C0104C *Pyongyang NODONG SINMUN*
in Korean 4 Jan 95 p 3

[By Dr. Sok Yun-yong, Daily Necessity Research Center, Light Industry Sciences Institute]

[FBIS Translated Excerpt] [passage omitted] In the new year our scientists are faced with the task of stepping up scientific research work in order to help implement the party's revolutionary economic strategy and raise the level of the nation's science and technology to the world standards as soon as possible.

Our scientists at the Light Industry Sciences Institute produced great results in research in plating and other fields of research in recent years by upholding the great leader's teachings. By succeeding in eliminating pollutants and conserving valuable materials in plating, they solved the difficult problems that had remained unsolved, and were able to bring considerable profit to the state and contribute to the development of the national economy.

We will rally more tightly around the great leader Comrade Kim Chong-il in one and the same mind and accelerate scientific and technological research work for the purpose of making the new plating method prove its worth at factories and producing quality brighteners by synthesizing and blending new additives. All research institutes, including textile and food research centers, under the Light Industry Sciences Institute will actively contribute to the implementation of the party's light industry-first policy by making greater achievements in scientific research.

Cherishing more deeply our infinite loyalty to the party and the leader and our conviction that although there is no boundary in science, we have the socialist fatherland of chuche, we will carry out active scientific research activities by giving full scope to the revolutionary spirit of self-reliance and fortitude and mark the 50th anniversary of the KWP with proud scientific research successes.

State Says Environmental Protection 'Important'

*SK0506102095 Pyongyang KCNA in English
1012 GMT 5 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — June 5 is the World Day of Environment.

Environmental protection in Korea is an important activity of the state.

Every year the state is actively accelerating the work to better environment of the country and promote the welfare of the working people in conformity with the requirement of the developing situation.

Afforestation and water conservancy such as bank revetment and creation of forest made a great progress in all parts of the country this year.

According to the data available at the Bureau of Forestry Administration of the General Bureau of Land Administration, over 280 million trees were planted in more than 50 thousand hectares nationwide during the period of spring tree-planting. Main industrial and residential areas have thousands hectares of trees.

Trees of economic value, oil-bearing trees and trees for beauty were planted in every part of Korea. Parks, recreation grounds and flower gardens have been built on hundreds of thousands of square metres in cities and rural villages.

Strict measures have been taken against pollution in keeping with the rapid development of industry.

In the last few years new facilities for arresting gas and dust have been actively developed and introduced and more than 12,000 facilities of environmental protection have been streamlined.

Tens of observation posts have built in main cities and industrial areas to regularly analyse the situation of environment.

The level of air pollution of the country is less than a tenth of the international limit.

The hygienic level of water and soil is high in the world.

Thanks to the popular policy of the Workers' Party of Korea for environmental protection, the animal resources are rapidly increasing in Korea.

Deer and Korean water deer which were rare in the middle area are seen in herds there and rare birds such as white-bellied black woodpecker settle in Korea. Over the last decade 23 kinds of birds and 40 kinds of animals newly appeared.

It is a common phenomenon that pheasants and birds build their nests at large chemical factories and iron works, and fishes are swarming in the rivers and lakes.

There are six nature reserves, 29 animal and plant reserves and 10 sea bird reserves and marine resource reserves in Korea.

Environmental protection of the country is thoroughly guaranteed by the DPRK Law on Environmental Protection adopted in April 1986.

Mining Equipment Manufacturer Overfulfills Plan

*SK0506104295 Pyongyang KCNA in English
1035 GMT 5 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — The May 10 General Works called a "model factory of self-reliance" overfulfilled its May national economic plan by 0.5 percent in the gross industrial output value and is making further achievements in the same spirit.

The works is annually overfulfilling its plans, securing tremendous profit for the country.

The factory, a nation's powerful mining equipment producer, is located in the industrial city of Chongjin in northern Korea.

Before the liberation it produced small farm implements but is now turning out in a large quantity mining equipment such as combined coal cutting machine, winch, chain conveyer and ore crusher.

The great leader President Kim Il-song visited the factory in May, 1957 and, after that, on six occasions. He highly estimated the products manufactured by the workers there and gave instructions to turn out in a large quantity high-quality mining equipment.

The great leader Comrade Kim Chong-il called at it on two occasions in 1968 and 1984 and said that the difficult and knotty problems arising in the production of mining equipment should be solved in the revolutionary spirit of self-reliance. After that he sent over 30 up-to-date machine tools and testing and measuring apparatuses of 22 kinds and 1,200-odd cutting tools to the factory.

Under the slogan of self-reliance the workers of the factory reconstructed 10-odd heating furnaces and successfully built various centres to considerably increase the production of mining equipment, saving coal and

electricity. And they tapped enormous reserves for production.

Today the gross industrial output value of the factory has grown 27.4 times, the number of equipment 7.8 times, the processing capacity 286 times and the number of technicians 15 times as compared with those in 1957 when respected President Kim Il-song visited the factory for the first time.

Power Plant Increases Power Generation

SK0406020795 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 3 Jun 95

[FBIS Translated Text] Electricity producers of the power plant where Comrade Yi Pong-tok works are maintaining a high and steady production of 130 percent daily.

Being deeply aware of the significance of electric power production in implementing the party's revolutionary economic strategies, Yi Chol-su, Yi Chong-chan, and Han Pyong-kun, operators of the power plant, have managed the power generation facilities by effectively carrying out regular checks and have guaranteed the operation of power generators at full capacity, thus effecting upsurges in daily production.

Fighters in charge of dam management are making contributions to increasing power generation by gathering more water.

Art, Architecture of Pyongyang Metro Praised

SK0506213495 Pyongyang KCNA in English 1511 GMT 5 Jun 95

[FBIS Transcribed Text] Pyongyang, June 5 (KCNA) — People call the Pyongyang metro "underground Pyongyang". This is because the metro reminds them of the city of Pyongyang in view of the art of architecture, grandeur and grace.

This peculiar metro which cannot be seen anywhere in the world was opened to traffic in 1973.

Hundreds of thousands of people use the metro every day. They warmly recollect the great efforts of the respected leader President Kim Il-song and the great leader Comrade Kim Chong-il for the building of the "underground Pyongyang."

Looking forward to today's Pyongyang in the 1950s already, President Kim Il-song unfolded a bright plan for the building of the Pyongyang Metro to provide the citizens of the capital with wonderful traffic conditions.

Afterwards he examined the blueprint and designs, chose the sections and wisely led the construction of each stage. President Kim Il-song and Comrade Kim

Chong-il called at the underground face in disregard to water dropping from the ceiling, gave on-the-spot guidance on more than 20 occasions and teachings on over 500 occasions to clearly answer the questions on the construction, operation and management of the metro.

Comrade Kim Chong-il saw to it that as the metro will be used by the people, it should be double-tracked for the convenience and safety of people, be excellently equipped with cultural facilities and public service facilities and the stations should be built with marble, granite and other natural stones so as to become creations of eternal value.

And he put forward the ways of decorating the walls of the underground stations with art works in conformity with the characteristics of the stations named by President Kim Il-song, and taught that works on the immortal feats of the president and the struggle of the Korean people should be created.

Nearly 20 main pictures and busts portraying President Kim Il-song, and more than 160 pictures and sculptures could be completed on a high level at Ponghwa, Pulgunbyol, Nakwon, Kwangbok, Yonggwang, Puhung and other underground stations which were built under his meticulous guidance.

The large mural work at Kaesong Station which portrays people who enthusiastically welcome President Kim Il-song's triumphal return home after national liberation, "The Great Leader President Kim Il-song Finds Himself Among Working Class" at Puhung Station, the large mosaic mural "Potong River on Paradise" at Konguk Station and all other works at the underground stations are of high ideological and artistic value.

So, foreigners visiting the metro say in unison that it had better be called a mysterious underground palace, rather than a metro.

Paper Lauds Founding of Kumgangsan Opera Troupe

SK0606103195 Pyongyang KCNA in English 1024 GMT 6 Jun 95

["MINJU CHOSON Hails Birthday of Kumgangsan Opera Troupe" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 6 (KCNA) — MINJU CHOSON today dedicates an editorial article to the 40th anniversary of the formation of the Kumgangsan Opera Troupe, a pride of the General Association of Korean Residents in Japan (Chongnyon) and compatriots in Japan.

The Central Art Troupe of Koreans in Japan, the predecessor of the Kumgangsan Opera Troupe, was formed on June 6, 1955.

The editorial article recalls that in the past, the Kumgangsan Opera Troupe under the guidance of Chongnyon deepened the work of establishing ideological and leadership system of *chuche* within itself as the main task and conducted energetic art activities in defence of the democratic national rights of Koreans in Japan and in favour of the development of the socialist homeland and national reunification.

It further says:

The revolutionary opera "Song of Mt. Kumgang", the music and dance drama "Talmae and Pomdari", the legendary song and dance "Fairy of Mt. Kumgang" and so on performed by the opera troupe for broad segments of Koreans in Japan increased their pride and self-confidence in being overseas citizens of the homeland of *chuche*, expanded and consolidated the mass foundation of Chongnyon and powerfully inspired them to implement their patriotic tasks.

Each of 40 years covered by the Kumgangsan Opera Troupe while making brilliant achievements in the patriotic work for the homeland and the nation with the national art of *chuche* even in an alien land is associated with the very deep paternal loving care of the great leader President Kim Il-song and respected General Kim Chong-il.

Today, the members of the Kumgangsan Opera Troupe and the Korean artists in Japan are looking back with deep emotion on the 40-year course of triumphant struggle which is shining with glory, and are hardening their determination to remain loyal to the guidance of the great leader Comrade Kim Chong-il, holding the great leader President Kim Il-song in high esteem forever.

We are firmly convinced that the members of the Kumgangsan Opera Troupe and Korean artists in Japan will in the future, too, advance along the road of patriotism for their leader, homeland and nation, the road of loyalty, forever.

South Korea

Reportage on U.S.-North Korea Nuclear Talks

U.S. 'Moderately Optimistic'

SK0706021695 Seoul YONHAP in English
0151 GMT 7 Jun 95

[FBIS Transcribed Text] Washington, June 6 (YONHAP) — The U.S. Government is moderately optimistic

about the progress it is making in the nuclear talks with North Korea in Kuala Lumpur despite the fact two North Korean delegates returned to Pyongyang Tuesday.

In a regularly scheduled press briefing on Tuesday, State Department Spokeswoman Christine Shelly said the press report that the talks have broken down as a result of the two North Korean delegates returning to Pyongyang is "definitely not the case."

She stressed, "The negotiators, U.S. and DPRK (North Korea), met for another three hours on Tuesday — today," adding meetings were scheduled to continue at the technical level again on Wednesday.

She recalled her remarks last Friday in which she "expressed a moderate amount of optimism about progress" being made at the Kuala Lumpur talks.

White House spokesman Mike McCurry, noting that the chief North Korean delegate has remained in the Malaysian capital, said the departure of two lower-level members of the North Korean delegation is not very important, the French press agency reported.

REUTERS quoted an unidentified U.S. official as saying the pace of negotiations is gaining speed and that the talks are approaching a crucial point.

John D. Holum, director of the Arms Control and Disarmament Agency, speaking at the National Press Club said the corrosion issue of North Korea's spent nuclear fuel rods "is not a question of making the problem impossible to solve; just making it harder to solve."

He added, "What I will say is that it's important to resolve it, and in the near term rather than waiting, because the longer you delay the more difficult it becomes."

He stressed, "we are anxious to go back into Pyongyang — we've been there twice — to deal with the corrosion problem in spent fuel and address its longer-term storage, pending shipment out of the country or other disposition under the agreement."

Talks on 'Verge' of Settlement

SK0706070295 Seoul KBS-1 Radio Network
in Korean 0600 GMT 7 Jun 95

[Report by correspondent Yi Hyon-chu from Kuala Lumpur]

[FBIS Translated Text] It has been learned that the U.S.-DPRK talks in Kuala Lumpur are on the verge of a settlement of the light-water reactor issue and that there is a possibility that the agreement will be announced as early as this week.

During working-level talks held today, the United States and North Korea reached virtual agreement on the most important points at the current talks, including the issue of accepting the ROK-model light-water reactors and the ROK's central role, and based on this, the two sides began preparing a draft of the agreement.

After completing the initial draft agreement, the United States and North Korea will hold senior delegates' talks as early as tonight or tomorrow morning to finalize the draft agreement.

A diplomatic source in Kuala Lumpur revealed that progress was made at today's working-level talks because North Korea came up with a new affirmative proposal.

Accordingly, the United States and North Korea are likely to finish up the process of reporting to their home countries and receiving directives the day after tomorrow, at the earliest. In the event that each side receives an affirmative reply from its home government, it is likely that an official announcement of the agreement will be made.

It was also learned that the two sides reached virtual agreement on discussing North Korea's demand for additional facilities, which emerged as a new point of difficulty in today's talks, at some later point in time, in separate talks.

DPRK Report of Agreement Disputed

SK0706061695 Seoul YONHAP in English
0607 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — The United States and North Korea have yet to reach an agreement on the core issues concerning the provision of two light-water nuclear reactors to North Korea, Foreign Ministry spokesman Yu Kwang-sok said Wednesday.

Yu denied a statement made earlier in the day by a North Korean Foreign Ministry spokesman that North Korea and the United States, presently holding nuclear talks in Kuala Lumpur, Malaysia, agreed Tuesday, in principle, on several major issues such as the method to be used when signing a contract for the selection of the type of light-water reactors, the United States' responsibilities for the reactor project, the arrangement of a construction site for the reactors and the sharing of expenses for the reactor project.

"The two sides are still negotiating the issues which are essential (to the implementation of the light-water reactor project)," said Yu.

"There were no agreements reached between the United States and North Korea and the two sides are still

working on a draft agreement while at the same time negotiating the substance of the agreement," Yu insisted. "It's not true that the two sides are working on a draft agreement because they reached an agreement."

He said that the works presently underway at the talks are not discussing ways to express what they agreed.

U.S. Official Reiterates KEDO Stance

SK0706085395 Seoul YONHAP in English
0847 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — Thomas Hubbard, the U.S. State Department deputy assistant secretary, maintained the U.S. position that the Korean Peninsula Energy Development Organization (KEDO) must select the reactors to be provided to North Korea while South Korean firms will play a central role in carrying out the project.

The U.S. Information Service (USIS) based here issued a statement Wednesday carrying some of Hubbard's remarks to the press in Kuala Lumpur regarding the ongoing nuclear talks.

Hubbard refused to go into detail, but reported that progress has been made since the talks started in late May, in particular, regarding KEDO and the light-water project.

He stated that the two sides are "writing down some of the words that would go down on paper," but stressed that any agreements made between the two parties are only "tentative."

The deputy assistant secretary also clarified some of the procedures that must be taken during the talks, but emphasized that both parties need approval from their respective governments.

"Any tentative agreements that we have reached here are in principle and subject to Washington's approval," Hubbard was quoted as saying.

The U.S. delegate to the talks in Malaysia also said that his party is in close consultation with South Korea and Japan, both in Kuala Lumpur and in Seoul, Tokyo and Washington.

7 Jun 'Working-Level' Meeting

SK0706090995 Seoul YONHAP in English
0858 GMT 7 Jun 95

[FBIS Transcribed Text] Kuala Lumpur, June 7 (YONHAP) — The United States and North Korea Wednesday held a working-level officials' meeting in a last-minute effort to hammer out a draft agreement on the

provision of two light-water nuclear reactors to be supplied to North Korea, North Korean officials said.

"Today's meeting was very careful and businesslike. We will have another round of talks scheduled for this afternoon," said Yi Yong-ho, a member of the working-level group from the North Korean delegation who is in charge of international organizations at the North Korean Foreign Ministry.

Meeting reporters when he returned to the North Korean Embassy just after the morning session ended at the American Embassy, Yi also said that the two sides will set the timing and venue for the afternoon talks through working-level officials' contact.

A source close to the talks said that the two sides were on the verge of reaching an agreement as they narrowed differences over a broad range of issues concerning the provision of light-water reactors to the North during Tuesday's talks.

"The talks are ripe. There is a possibility that the North Korean delegation will fly to North Korea today or tomorrow after issuing a joint statement with the United States," he said.

North Koreans Tuesday agreed that they will not discuss the issue of providing the North with additional facilities for the operation of two light-water nuclear reactors during the ongoing nuclear talks in Kuala Lumpur, he said.

They instead proposed that they will discuss the issue with the Korean Peninsula Energy Development Organization (KEDO), the party which will take charge of the provision of the reactors to the North, at a later and more opportune time.

Power transmission lines, simulators and other facilities demanded by North Korea in addition to the reactors are expected to cost about 1 billion U.S. dollars. The construction of two light-water reactors is projected to cost more than 4.5 billion U.S. dollars and 500,000 tons of heavy oil are to be supplied to North Korea until the construction of the reactors are completed sometime in the year 2005.

However, another source close to the nuclear talks said that South Korea, the United States and Japan will have to produce an agreement on those issues despite the fact that the United States narrowed several gaps regarding a broad range of issues through bilateral nuclear talks.

But, he did not rule out the possibility the talks may come to a deadlock at the last minute if the three-way talks fail to produce an agreement on those issues.

North Accepts South-Style Reactors

SK0706114195 Seoul YONHAP in English
1132 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — North Korea has in effect accepted the South Korean model of light-water reactors to be furnished by the Korean Peninsula Energy Development Organization (KEDO), a senior Seoul government official said Wednesday.

Commenting on Wednesday's reported progress in the U.S.-North Korea reactor talks in Kuala Lumpur, the official said the U.S.-North Korea decision to have the KEDO select a main contractor for the reactors means Pyongyang's de facto acceptance of the South Korean-style reactors.

He said a reactor supply contract will be concluded between North Korea and the KEDO and then between the KEDO and the Korea Electric Power Corp. (KEPCO).

"North Korea has left the KEDO to choose the type of the reactors to be furnished, and the KEDO's choice will be the South Korean model," he said.

Currently, he said, South Korea and the United States were fixing their opinions on the issue of how to describe the name of the reactor model to be employed.

According to the official, North Korea's stand at the moment is that it doesn't matter who manufactures the reactors but what is important is that their source should be the United States.

Touching on North Korea's demand for additional expenses, the official said Pyongyang asks for 1 billion more dollars in the cost of subsidiary facilities.

"But, our position is that we cannot shoulder the additional cost because there is no mention at all about such cost in the Geneva framework agreement," he said.

The official added, however, that there needs adjustment of opinions with the United States because Washington's idea, he understands, is that some subsidiary facilities cannot be thought of separate from the reactors.

U.S. Congressman Visits, Meets Leaders

Views Nuclear Talks, Food Shortages

SK0706025895 Seoul KBS-1 Radio Network
in Korean 0200 GMT 7 Jun 95

[FBIS Translated Text] U.S. Rep. Bill Richardson, who arrived in Seoul on 6 June after a four-day visit to North Korea, stated: North Korea threatened to reprocess spent nuclear fuel if U.S.-North Korea talks being held in

Kuala Lumpur on the light-water reactor issue come to a rupture.

Rep. Richardson held a news conference following a luncheon meeting with Foreign Minister Kong No-myong at Hilton Hotel this morning. At the news conference, Richardson said that during his stay in North Korea, he heard from North Korean officials that North Korea was considering the reprocessing of spent nuclear fuel as a measure to cope with ruptured U.S.-North Korea talks.

Rep. Richardson stated that North Korean officials admitted that North Korea is suffering from serious food problems due to unseasonable weather. However, he also stated that the United States will not provide North Korea with food.

Rep. Richardson continued: While in North Korea, I held nine rounds of talks with high-level North Korean officials, including Yang Hyong-sop, chairman of the Supreme People's Assembly, and Party Secretary Kim Yong-sun. During the talks, I repeatedly urged North Korea to repatriate the crewmen of the fishing boat Usong-ho, resume inter-Korean dialogue, and implement the U.S.-North Korea agreed framework. Regarding the repatriation of the crewmen of Usong-ho, in particular, North Korean officials told me that the authorities at the top level had directed them to handle this matter in a humanitarian way.

Rep. Richardson also stated that North Korea has built up its system of leading the masses with support from the military sector, and that Kim Chong-il appears to hold supreme power.

In December 1994, when a U.S. helicopter crashed in the North Korean airspace, Rep. Richardson visited North Korea for the first time to discuss the repatriation of the U.S. pilots. After the news conference this morning, he left Seoul for the United States.

Meets Foreign Minister

SK0706061295 Seoul YONHAP in English
0517 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — North Korea continues to battle international pressure to resume a dialogue with South Korea while expressing its hope that the United States will lift trade sanctions imposed on the North, according to a Foreign Ministry spokesman Wednesday.

Quoting a member of the U.S. House of Representatives, Bill Richardson, who visited Seoul after a four-day trip to the North last week, American Affairs Bureau Director-General Yim Sung-chun said that the North

still wants to conclude the ongoing nuclear talks in Kuala Lumpur, Malaysia.

Yim was briefing reporters on the outcome of the one-hour breakfast meeting between Foreign Minister Kong No-myong and Richardson.

North Koreans told the U.S. congressman that they were suffering from food shortages as a result of crop failure due to the bad weather the North has been experiencing for the past several years, according to Yim. They, however, are expecting a good harvest this year.

Despite reports of a food shortage in North Korea, people in Pyongyang were described by Richardson as looking "healthy," Yim said.

North Korea's de facto leader Kim Chong-il appears to have a firm grip of power while the role of Kim Yong-sun, chairman of the Unification Policy Committee of North Korea's Supreme People's Assembly, was distinctive, Richardson was known to have said.

While meeting with North Korean leaders during his four-day stay in the North, Richardson urged the North to return the detained fishermen from the Usong No. 86 fishing trawler to South Korea and to their families as soon as possible citing humanitarian reasons, Yim said.

The congressman also urged the North to realize that South Korea and the United States maintain such a strong alliance that no issues can be settled without the South's involvement, Yim said.

He also stressed that the resumption of an inter-Korean dialogue is critical if relations between the United States and North Korea are to improve.

Richardson said that he also raised the issue of American soldiers missing in action since the Korean war, according to Yim.

He said that he wanted to visit the Yongbyon nuclear facilities in the North, but North Koreans rejected his request citing the distance between Yongbyon and Pyongyang as being too far, according to Yim.

Richardson, a member of the House Information Subcommittee [as received], was quoted by Yim as saying that he visited North Korea last Saturday to review the implementation of the Geneva nuclear agreed framework on the part of the North and exchange opinions on the issue with North Korean officials.

He visited North Korea last December on the North Korean nuclear issue but failed to exchange opinions on the issue with North Koreans because he spent most of the time arranging the release of a pilot and the remains of another American military helicopter which was

grounded in North Korean territory after accidentally crossing the Military Demarcation Line, according to Yim.

No Agreement With U.S. on Food Import Dispute

SK0706074195 Seoul YONHAP in English
0722 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — South Korea and the United States Tuesday failed to settle the dispute concerning the duration of shelf-lives of imported foodstuffs in the Korean market which was raised by the United States in early May when the United States brought the case to the World Trade Organization (WTO), a Foreign Ministry spokesman said Wednesday.

The two-day talks between South Korea and the United States held in Geneva started Monday, but failed to produce an agreement as the United States would not accept South Korea's plan to phase in a self-regulated shelf-life system for meat, sausages and other foodstuffs on the part of manufacturers of such foods by 1998, the spokesman said.

"During the talks, the United States hinted that there is a great possibility that a WTO dispute settlement panel will be formed for the case," the spokesman said. He, however, added that the United States did not exclude the possibility that the dispute can still be settled through bilateral trade talks.

During the talks, the United States raised the possibility of South Korea discriminating against U.S. foods in the Korean market while raising doubts about the scientific method that South Korea uses to determine the shelf-life regulations imposed on imported U.S. foods, the spokesman said.

The Government of South Korea will make every effort to settle the issue through bilateral negotiations with the United States considering the fact there still remains some time before the July 3 deadline to settle the case, after which the WTO requires they set up a panel to resolve the dispute, said the spokesman.

Under WTO regulations, a panel consisting of three judges having no affiliation with either country involved in the dispute should be set up if the parties fail to reach an agreement within 60 days from date either party brought the dispute to the WTO for settlement.

On May 3 the United States brought a claim to the WTO against South Korea regarding the shelf-life regulations imposed on imported foodstuffs that requested Seoul increase the shelf-life South Korea imposes on American meat, sausages and other foods in the Korean market.

International Trade Bureau Director General Chang Ki-ho represented South Korea at the Geneva talks, while the United States was represented by Andy Shoyer, legal adviser to the U.S. Trade Representative office in Geneva.

U.S. Soldiers Indicted for Alleged Assault

SK0706071695 Seoul YONHAP in English
0706 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — The Seoul District Prosecutor's Office decided Wednesday to indict on Friday three American servicemen and the wife of one serviceman, involved in an alleged assault that took place in the Seoul subway May 19, on charges of violating a law governing violence.

To be indicted are Sgt. Frank Golinar, 31, his Korean wife So-hi Golinar, 24, Cpl. Garry Dorr, 28, and Cpl. Grant Groff, 24.

A prosecution official said, "although the suspects deny the charges on the grounds of self-defense, we've decided to indict them because their assaults were confirmed after questioning the victim, Cho Chong-guk, 28, and witnesses."

If prosecuted, the four, under provisions of the South Korea-U.S. Status of Forces Agreement (SOFA), will undergo the first and appellate trials by the local court without physical detention. If found guilty and sentenced to imprisonment, they will serve terms in a South Korean prison.

The three American servicemen and the wife of one of serviceman, supposedly intoxicated, allegedly fondled a Korean woman at the Chungmuro station of Seoul's subway line no. 3 at around 10:40 pm [1340 GMT] May 19, and assaulted Cho who tried to stop them.

Korean Delays Anti-USFK Protest at Yongsan

SK0706062295 Seoul YONHAP in English
0521 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — Cho Chung-kuk, 28, has put off his plan to begin a hunger sit-in Wednesday to press the U.S. Army to openly apologize for an alleged attack by a group of U.S. soldiers made on him.

Cho had to postpone his sit-in plan as he encountered an unexpected family mishap in which his wife collapsed due to ruptured artery Tuesday night, the "Headquarters for Eradicating Crimes Involving U.S. Forces Korea [USFK]" said.

The headquarters said Cho will start the sit-in as soon as his wife recovers.

Cho had been poised to start a hunger sit-in at 11 am in front of gate No. 1 of the Eighth U.S. Army Command post at Yongsan, Seoul, out of his "anger" at hearing the U.S. soldiers having denied being the assailants in the attack and their insistence, on the contrary, on their being victims.

Cho was allegedly beaten by a group of U.S. soldiers and their family members at the Chungmuro subway station at 10:50 pm on May 19 after he confronted them for harassing a Korean woman.

Shortly after the alleged attack occurred last month, USFK claimed that the U.S. soldiers involved in that particular case were not assailants but victims.

Col. Michael V. Sullivan, USFK public affairs officer, said in a statement, "At this point, we believe our soldiers could more properly be described as victims in these events and not, as the Korean media has portrayed them, as drunken, unruly predators."

Army Recruiting Soldiers With Language Skills

SK0706083095 Seoul YONHAP in English
0056 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — The Army decided Wednesday to change the examinations used in selecting soldiers for Katusa (Korean Augmentation Troops to the U.S. Army) operations to open examinations designed to recruit soldiers with good foreign language skills this year.

The Army plans to provide the first examination on Sept. 7 and will deploy the top 10 percent of the applicants to the South Korean Army, while assigning the remaining successful applicants to the U.S. Army for use as Katusa forces.

Any young men of conscription age can apply for the examination.

The Army's decision is designed to secure highly-qualified soldiers with special language skills, as the country's globalization policy has rapidly increased the military's need for soldiers with strong language skills.

The top scoring applicants will be posted to such military organizations as the Defense Intelligence Command, Defense Procurement Agency and Training Commands, a source said.

U.S. Academics, Religious Leaders Visit DPRK

SK0606130095 Seoul YONHAP in English
1251 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (YONHAP) — A six-member mission of U.S. academicians and religious leaders departed Beijing for Pyongyang aboard

an Air Koryo flight Tuesday afternoon to promote personnel exchanges between the two countries.

The mission, headed by the vice dean of William Carey College and including the Asia officer of the Universal Bible Society, will stay in the North until June 13 "to discuss with North Korean academic and religious leaders personnel exchanges in academic, religious and cultural fields," Secretary General of the Center for American North Korean Understanding (CANKU), Charles Wickman, said.

The mission's visit to North Korea is sponsored by CANKU and is being made at the invitation of the North's Asia-Pacific Peace Committee, according to Wickman.

Established in 1993, CANKU, comprising American Christian leaders, invited a four-man North Korean mission, headed by Yi Chong-hyok, vice chairman, Asia-Pacific Peace Committee, to the United States from February 22-March 7.

CANKU also reportedly arranged for two American journalists including the UPI's religious editor to visit North Korea in September last year.

Kim Chong-il Forms New Personal Security Unit

SK0706013495 Seoul KBS-1 Radio Network
in Korean 2300 GMT 6 Jun 95

[FBIS Translated Text] It has been learned that North Korea's Kim Chong-il has formed a new secret service unit to protect himself from attempts to assassinate or harm him.

The latest issue of the German news magazine DER SPIEGEL reported that Kim Chong-il founded a new secret service unit after he narrowly escaped the attempt of a secret service man of the Security Guard General Bureau to shoot him in April.

The new secret service unit Kim Chong-il founded is reported to consist of the children and grandchildren of the so-called revolutionary generation and veterans of the Korean war.

The secret service unit consists of 2,000 men and is called the 2-16 Security Guard Unit, taking its name from Kim Chong-il's birthdate. This personal secret service unit replaced the secret service unit of the Security Guard General Bureau, and its mission is to protect Kim Chong-il, who has yet to officially ascend to the presidency, from the threat of assassination.

DER SPIEGEL also reported that Kim Chong-il ordered his secret intelligence organization to conduct a secret mission to assess senior party cadres and senior military

officers for their loyalty to him, and to ferret out his opponents.

DER SPIEGEL added that if a coup should take place in North Korea, it will be led by the military, which is unhappy with Kim Chong-il's change in attitude regarding North Korea's nuclear dispute with the United States.

Government Stance on DPRK Rice Aid Viewed

SK0706081695 Seoul TONG-A ILBO in Korean
7 Jun 95 p 4

[Article by Han Ki-hung]

[FBIS Translated Text] On 6 June, the government clarified its position that it could not acknowledge North Korea's intention to accept our rice aid offer, unless North Korea expresses this intention directly to us. This reaffirmed the basic principle that the questions of rice aid and South-North dialogue are matters that should be discussed between the parties concerned.

This is also aimed at exercising precaution in advance against the possible eventuality that Japan — a third country — may have a hand in the rice aid and may exercise some influence on internal and national matters between South and North Korea.

The government feels displeased that under the circumstances in which North Korea rejects dialogue with us, North Korea is taking roundabout routes to find solutions to the nuclear issue and the question of rice aid through third countries, such as the United States and Japan, on the respective issues.

The government maintains that the way to deal with the issues, which should be discussed between the parties concerned, in the form of "indirect dialogue" through third countries is not desirable in terms of both procedural practicality and finding a substantial solution to such questions.

In particular, the government is of the view that it is necessary to examine in a cool-headed fashion the intentions of both North Korea and Japan regarding the fact that North Korea made public its intention first through Japan on 26 May to receive our rice, and that North Korea again hinted on 5 June about the likelihood of holding South-North dialogue.

First, the government believes that the reason why North Korea has been continuously talking through Japan about the question of receiving our rice is that North Korea intends to receive the Japanese rice and even realize the establishment of diplomatic relations with Japan while excluding the ROK, rather than receive our rice.

One high-ranking official at the National Unification Board has said: "It is highly likely that no matter how severe its food shortage problem may be, North Korea is so proud that it will not receive our rice until the final stage. North Korea has been talking about receiving our rice, maybe because of the reality that it will be difficult for Japan to supply rice to North Korea without the ROK's consent."

He added that Japan acting as a go-between for the South and the North is also not desirable, because we cannot rule out the possibility that Japan will try to take advantage of the rice aid issue as leverage to seek its own influence on the establishment of diplomatic relations with the North and on the Korean peninsula.

Another high-ranking government official said: "We have misgivings that Japan is exaggerating its contacts with North Korea in connection with the supply of rice to the North."

In particular, some government officials have expressed their suspicions, saying: "By coincidence, Japan conveyed to the ROK North Korea's intention to respond to South-North dialogue at a time when ROK-Japanese relations are not on a smooth track due to the absurd remarks made by Watanabe Michio, former Japanese deputy prime minister and foreign minister."

For such reasons, the government has been repeatedly stressing its intention to unconditionally provide rice to the North, while demanding that North Korea make public its position directly to our side through an official channel.

On 6 June the government made clear that we could not accept an unofficial response from North Korea, thereby expressing our clear-cut policy not to make a hasty decision regarding the supply of rice to the North, until the North Korean side directly responds to dialogue.

Therefore, we can say that North Korea's response to our "good intentions" based on the spirit of humanitarianism and common national well-being is the only way conducive to North Korea easing its own food crisis and to the improvement of North-South relations.

Suspended Sentence for Illegal DPRK Visit

SK0706091495 Seoul YONHAP in English
0730 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — An Ho-sang and Kim Son-chok, the top leader and administrative chief of Taejonggyo, a folk religion that worships the national founder, "Tangun," were sentenced Wednesday to one year in prison each with a stay of execution for two years for their illegal visit to Pyongyang.

The Seoul district criminal court which read the ruling said, "The accused are recognized as guilty because they visited North Korea despite the government's decision that it would not allow them to.

"But considering that their visit served as momentum for South Korean businessmen to be allowed to visit the North and that the accused are elderly and have contributed to the development of our society, the court suspends the execution of their sentences."

The two leaders of Taejonggyo made an unauthorized visit to the North Korean capital of Pyongyang aboard an Air Koryo flight that left Beijing at 3:20 pm on April 11 after which they remained there for six days, although they were notified in advance by the government two times that visiting the North would be illegal.

During their stay there, they reportedly held a ritual at Mt. Kuwol commemorating Tangun's ascension to heaven and also asked North Korean authorities to designate Oct. 3 national foundation day.

An, 93, had served as the country's first education minister in the late 1940s.

Premier Vows Reunification at Memorial Day Meet

SK0606051695 Seoul YONHAP in English
0506 GMT 6 Jun 95

[FBIS Transcribed Text] Seoul, June 6 (YONHAP) — The 40th Memorial Day ceremonies were held Tuesday morning at the National Cemeteries in Seoul and Taejon, as well as at memorial sites in each city and province across the country.

About 2,500 citizens, key officials from the government, parliament and judiciary, and bereaved families of the martyred patriots attended the ceremony at Tongjak-tong National Cemetery in Seoul to pray for the dead.

Prime Minister Yi Hong-ku said in his memorial address, "We deeply appreciate the distinguished services of the patriots, who protected free democracy in this country to help the fatherland develop this much. We swear that we will unify this divided country and develop it to world's most advanced nation to recompense them for their sacrifice."

Businesses Said 'Vanguard for Reunification'

952C0107B Seoul MAL in Korean Mar 95 pp 76-80

[KYONGHYANG SINMUN reporter An Chi-yong: "Facts of Businesses Involved in North-South Economic Cooperation — Truth and Untruth"

[FBIS Translated Text] **Race for the First Ticket to Pyongyang**

Nineteen ninety-four saw events connected with the reunification atmosphere taking place in breathless succession. While preparations continued for a North-South summit reflecting the wishes of the entire nation, there was the shocking news of the death of Kim Il-song, the president of North Korea, on 9 July. Then, the U.S.-North Korea negotiations on the nuclear issue reached a settlement. And in late October, President Kim yong-sam declared the principle of North-South economic cooperation. In early November, Samsung and other business groups applied to the National Unification Board [NUB] for permits to visit North Korea; late that month, the NUB issued its guidelines dealing with economic cooperation activities. Next month the four leading groups — Samsung, Hyundai, Ssangyong, and LG — and two smaller enterprises were granted authorization to visit North Korea.

The first-round competition among enterprises focused on obtaining the first ticket to Pyongyang. With Dae-woo, the group commonly acknowledged to be the top runner, still left with no permit to visit North Korea, Samsung, priding itself on being a first-class group, made an all-out effort to be the first to get to North Korea. And to some degree, it appeared confident of its success. In the case of Hyundai, its strong rival, Chong Chu-yong, Hyundai's honorary president, who once appeared to be the leader of the economic cooperation program itself, failed to get his visit permit. Furthermore, Hyundai-proposed projects were massive ones such as those for Mt. Kumgang development and Suri shipyard construction. Hyundai thus showed no particular interests in an early visit. Analysts said that since Chong Chu-yong was a candidate in the last presidential election, North Korea viewed Hyundai as a not very desirable potential partner.

Samsung had focused on processing of brought-in materials, building its record of trading with North Korea. Also, it had achieved prior rapport through the Committee for External Economic Cooperation [CEEK] and other North Korean contact points. Through Karen Han or a new lobbyist, it laid a channel with the North Korean minister of light industry, Kim Kyong-hui. Although Samsung ignored the Koryo National Industry Development Association (Kominbal), it figured that it had done all it could. And it took pains not to expose itself to scrutiny by the media.

Samsung's Error That Shot Down Its 1994 Visit Plan

Samsung's first ordeal came in the form of a press dispatch dated Beijing 9 December, saying: "North Korea has informed South Korean trade sources in Beijing that it will neither authorize visits by South

Korean businessmen nor issue additional invitations in the future." This put a strain on not only Samsung Group but also other groups that have been preparing for a North Korea visit. An interesting point was that neither their branch offices nor the embassy in Beijing referred to in the dispatch had received any such information from North Korea. It was a day before the government was to issue visit permits. The delicate timing drew their attention.

Sensing that a possible political implication was involved, they put out their feelers as far as they could. Rumors circulating since the beginning of December had it that North Korea decided to cancel the invitations it had issued. The unexpected press dispatch came while those rumors were still going around, and while they were struggling to have them confirmed one way or the other, causing them to worry that "the whole thing may perhaps go down the drain." An informed source of the Korea Trade Promotion Corporation [KOTRA] disclosed that "since the beginning of December, an air turbulence has set in between North and South Korean authorities, not between the North Korean contact points and South Korean businesses, the parties directly involved." Another rumor said that for domestic reasons, North Korea had informally asked businesses to refrain from visiting the North. Some asserted, however, that judging from the situation then, some forces within the government of South Korea (or perhaps of North Korea) disgruntled with the speed of economic cooperation, or with the economic cooperation itself led by businesses, could most likely have leaked the false information deliberately. True or false, Samsung's plan to visit the North before the end of 1994 went down the drain anyway.

Another thing that worked against Samsung was CHUNGANG ILBO, a fact even Samsung sources admit to be true. CHUNGANG ILBO has taken a consistent position regarding North Korean issues since the beginning of 1995. In 1994, too, it carried sensitive reports dealing with North Korea, offending its authorities. North Korea, viewing Samsung and CHUNGANG ILBO not as separate entities, reportedly had addressed its complaint over the reporting by CHUNGANG ILBO directly to Samsung.

Ssangyong Helps Authenticate Kim's Anti-Japanese Struggle

Against every one's expectation, Ssangyong was given the first ticket to Pyongyang. As the first-round winner, its delegation arrived in Pyongyang on 13 December, the date Samsung had picked for its entry into North Korea. Although the media had paid no attention, Ssangyong sources had been saying "You wait and see. We will

be the first." Ssangyong worked from a different angle from Samsung's in finding a route to North Korea. It had a ride directly on the Kim Chong-il line. That was why it could so easily enter North Korea while other groups were still having trials and errors.

Son Myong-won, president of Ssangyong Corporation, was the top contributor to the group's success. His family had a special relationship with the family of President Kim Il-song. Son's uncle, Son Won-tae, currently living in the United States, was a childhood friend of Kim Il-song's; moreover, Son's grandfather, the Rev. Son Chong-to, devotedly cared for Kim Il-song when the latter was put in prison in the days of his anti-Japanese struggle. To repay the debt for his father, Kim Chong-il picked Ssangyong as the first South Korean business for which to open the door to Pyongyang. The episode, unfolding at the very end of the first-round race, suggests many things. Most interesting was the fact that in the process, the media treated Kim Il-song's anti-Japanese struggle as an established fact, marking a departure from the past; in the past, South Korea had insisted that the history of Kim Il-song's anti-Japanese struggle is fabrication and, therefore, officially refused to recognize the legitimacy of the North Korean regime. The media reported on Kim Il-song's anti-Japanese struggle and the fact of his imprisonment, quoting from remarks by Son Myong-won. Needless to say, the focus of their reports was on Ssangyong's success in gaining entry into North Korea; nonetheless, the impression was that they accepted as a virtual fact the Kim Il-song history of anti-Japanese struggle, a theme that had never been discussed publicly. Combined with the mist shrouding the ideological front in our society, and media's cut throat competition for stories have generated an unexpected result. Also interesting was the fact that no one raised issues over the development. It reminded people of the saying "the media are apt to forget the past."

Ssangyong's success also suggests that although North Korea set up many contact points for economic cooperation projects in the party, the government, and the military, most important is to work on the party and Kim Chong-il. Other groups keenly felt that such official contact points as Kominbal and CEEC are indeed important but private connections through lobbyists are more vitally important.

Samsung and LG, beaten to it by Ssangyong, still made all-out efforts to enter North Korea before the end of 1994, in vain though. News reports relating to visits to North Korea became fewer and fewer toward the end of the year. The second round of competition was about to start.

Quiet Visits by Daewoo and Shinwon

To be the first to get to North Korea may have its significance in the competition; more important, however, is the substance of the visit authorized. Interested sources agree that the yardstick for measuring it is to see whether or not the authorized itinerary includes Pyongyang. Although Ssangyong cut the tape as the first-round winner, it could not enter Pyongyang but came home after touring just the Najin-Sonbong zone. Re-opening the race at the outset of 1995, Samsung, LG, and Daewoo began negotiations with their North Korean partners, with emphasis on including Pyongyang in their respective itineraries. A number of businesses entered North Korea in January. The second-round winner emerged from among them.

Daewoo entered Pyongyang on 12 January, the day it was issued the second North Korea visit permit by the NUB. This was in marked contrast to Samsung, which toured only the Najin-Sonbong zone and Chongjin. So, Daewoo could be picked as the second-round winner, although there was no particular significance attached to that status.

The Samsung and Daewoo teams, entering North Korea on 11 and 12 January respectively, arrived in different places. While Samsung arrived at a little-known place named Orang near Chongjin, Daewoo got off the plane at Pyongyang, the capital city.

Daewoo had been publicly recognized as the top runner in the economic cooperation race. Its president, Kim U-chung, whose goal is global management, had been extraordinarily interested in setting up operations in North Korea. He was the first head of a *chaebol* [conglomerate] to visit North Korea in 1992. During that visit, he met with Kim Il-song and other leaders. He also reached agreement on launching nine model projects in Nampo as joint ventures, including those for the production of jackets and blouses, which was a feat only Daewoo could achieve. However, when a secret visit made by Kim U-chung last year was unveiled by the media, rumors began circulating that those media reports prompted North Korea to have misgivings about Daewoo's security management system. As Daewoo was left unable to obtain its visit permit after Ssangyong became the first to enter North Korea in 1995, it was also said that North Korea no longer viewed Daewoo as an economic cooperation partner. Each time, Daewoo—which had been confident that it was the most advanced as far as ties with North Korea were concerned—was distressed at the rumors. Whenever the media reported on Ssangyong's visit to North Korea or on other businesses obtaining their visit permits, Daewoo officials were busy discounting them, unveiling

their own discomfort. However, no sooner had the permit been granted on 12 January than the Daewoo team arrived in Pyongyang. Thus, it could elicit press reactions that "North Korea after all seems to trust Daewoo most."

In addition to its symbolic value as the capital city, Pyongyang provides a yardstick for measuring the speed of economic cooperation projects and official responses to them. Meanwhile, in North Korea, Kim Chong-il made the succession to power but, since the new system is yet to stabilize, there is no plan for openness at all, except for the Najin-Sonbong zone the opening of which had been declared to the world. Therefore, North Korea experts say, besides the point that more information is available in Pyongyang, the fact itself that North Korea accepted another group to Pyongyang is of significance. For South Korean enterprises, significance can be attached even to a simple visit. In view of the fact that the economic cooperation program is now in its fledgling phase, there is persuasion in what those experts say. Daewoo's arrival in Pyongyang signaled Samsung's defeat in the substance as well as the precedence of the visit.

Meanwhile, a Shinwon Group delegation was quietly visiting North Korea at about the same time, attracting public attention. It entered North Korea for the second time on 8 January ahead of Daewoo and Samsung. Also, it visited Pyongyang ahead of Daewoo. Since the delegation was led by Shinwon President Pak Song-chol, the group asserts that he was the first business head to visit North Korea. Indeed, it is effectively the first official visit by a South Korean business head because Daewoo has been denying the reported visit by Kim U-chung.

All those groups returned home on 17 January. On that day, a rush of news crews put Kimp'o Airport in chaos. They arrived in the following order: Daewoo, Samsung, and Shinwon. As soon as they got off the plane, they were exposed to flashes from photographers and questioning by reporters. In spite of the high media interest, however, they produced nothing special as a result of their visits.

Most specific of all the results was a disclosure by Daewoo that the Nampo industrial complex would be operational in April. When the three plants with four production lines for shirts, blouses, jackets, etc. begin operations, they will be known as the first examples of economic cooperation projects. Yi Kyong-hun, vice president of the Daewoo Group, said that "the construction of two of the three plants has been completed and the third one is 90 percent finished."

However, in the cases of Samsung and Shinwon, as well as Ssangyong who entered North Korea before Daewoo did, all that was disclosed was not beyond projects still at study levels; they were more of a public relations nature than of a specific nature. They tended to exaggerate their accomplishments, although this was no doubt expected of businesses in the fledgling period of the economic cooperation program. Samsung disclosed that it had reached an accord on expansion of the processing-deal trade and on building electronics and parts plants in the Najin-Sonbong zone. Shinwon said that it had reached agreement with the North Korean side on 1) expanding the processing of brought-in materials to an annual \$35 million level; 2) building a \$5-million-scale garments plant for sweaters and other clothes; 3) setting up heavy industry operations in the Najin-Sonbong zone, and 4) opening a Shinwon office in Pyongyang.

North Korea experts made some harsh comments on what they unveiled, saying that the only feasible aspects were the plans on an expanded processing-deal trade. After making such great efforts to enter North Korea, they came home empty handed except for the expected launching of the Nampo industrial complex and plans to expand a processing-deal trade. On 16 January, a day before their return, a Hanwha delegation also returned from its North Korea visit. The Nampo industrial complex and the processed-deal trade were about all the specific accomplishments the South Korean businesses could make in their visits to North Korea late last year and early this year. Meanwhile, the Shinwon Group revealed a novel accomplishment—an accord to build a church in the Najin-Sonbong zone. Although the North Korea visits by business groups created national concerns, the impression they left behind is that those visits may have ended up as nothing more than formal exercises.

Government Out To Control North-South Economic Cooperation

Business officials in charge of North Korea projects contend that "a visit to North Korea itself is an accomplishment." Explaining, they say that their visits were for a feasibility survey on investment, and that what businesses can do in the absence of an agreement on the principles of economic cooperation between the North and South Korean governments is inevitably limited. Furthermore, it has been agreed to hold contacts between working-level officials in Pyongyang, Beijing or in another third country, beginning in February. So, the outcome still remains to be seen, they say.

Some of them highly rated the visits by saying it was the first time in half a century of national division that

our businessmen visited the North to exchange views, and even discuss specific matters, with its authorities. At the same time, they stressed that the flow of economic cooperation thus started should not be brought to a halt again because of any political speculations.

It is precisely in this political sphere that people see the signs that the North-South economic cooperation issue — which has come to a turning point in 1995 — is unlikely to progress smoothly in the future. Since their North Korea visits, businesses have been asked by government authorities, including the NUB, to maintain maximum security. Although it is nothing new, the security request is, according to interested sources, linked to their strong demand for businesses' compliance with the guidelines issued by the government. The Shinwon Group was reportedly called to task for its decision to build a church in the Najin-Sonbong zone. In a nutshell, the government is saying, "Why do you do what we haven't told you to?"

Other groups have been subjected to similar scrutiny. The government strongly demands: "Keep in step with the government." It seems to be aimed at conveying the message that the South Korean Government indeed declared the principle of economic cooperation but it will not tolerate any deviations from government control. The government not only refuses to recognize the economic cooperation program as regular business activity but also takes the leadership over it. It is self-evident that it intends to keep it as the No. 1 negotiating "card" for possible political use as needed.

Businesses are making efforts to enlarge their maneuvering grounds under the special circumstances where the economic cooperation program, while being economic activity, is inevitably viewed as political activity at the same time. North and South Korea do not recognize each other; they have signed no agreement to prevent dual taxation or to guarantee investment. They have laid no foundation for economic exchange. What businesses can do under these conditions is very much limited. Consequently, for less investment risks, some groups focus only on lines that are realistically promising, such as processing-deal trade. Nonetheless, quite a few enterprises are taking more aggressive lines. Guiding them, is the judgment that economic cooperation is still economic activity while it may also be political activity, and that only by challenging "risks" and going for a preemptive action, therefore, can they keep their rivals at bay. A KOTRA poll of 550 companies desiring to set up operations in North Korea indicates that 7.0 percent of them plan to invest \$5 million or more in the first year. Their thinking is based on the perception that North Korea is no longer a hostile country but one of the investment areas for them where they should expect

intense competition with rival companies. Those planning to invest \$5 million or more are prepared to take risks resulting from the absence of agreements to prevent dual taxation and guarantee investment. Reported cases indicate that being overzealous would sometimes bring unwelcome results to businesses.

It is an open fact that some businesses groups made gifts of money and other articles to officials of Kominbal and other North Korean officials in charge of contacts with the South. This shows that bribery and backdoor dealings have reached even into the sphere of economic cooperation.

International Environment

North-South economic cooperation is an economic issue and, at the same time, a political matter. As for the three parties involved — the North and South Korean Governments and the South Korean business community — there are frictions and a relationship of coexistence between them. Within the North and South Korean Governments, there still exist antireunification forces armed with the Cold War doctrine, who do not welcome the economic cooperation program. A large majority of our people, however, pin their hope on the program, hoping that it will develop to a point where it lays a foundation for North-South reunification.

The United Nations recently proposed its good offices for economic cooperation between North and South Korea. In late January, the United States lifted in part its sanctions against North Korea. U.S. businesses, mainly those in the communications and energy fields, were set to visit North Korea in February, while North Korea made it clear that it welcomes the U.S. businesses which it once denounced as an "advance guard of imperialism." It even tried to bring in Coca-Cola through its ambassador to the United Nations. The United States apparently does not want to make the same mistake that it did when it lifted the Vietnam embargo. At the time, it moved so sluggishly that it lost all the opportunities for economic gains to Japanese and European businesses. Japan—which, like the United States, does not want to see the Korean peninsula reunified—already has made inroads into North Korea, unofficially though, through enterprises affiliated with Chongnyon [General Association of Korean Residents in Japan]. Japanese businesses can rush in as soon as they get the "go" signal. North Korea pursues maximum gains while maintaining equidistance with American, Japanese, European, and South Korean businesses. The South Korean Government does not want North Korea to engage in direct deals with the United States and Japan.

Everybody knows that the economic cooperation program is not an easy thing, that there are countless difficulties lying in its way. But South Korean enterprises are willing to penetrate into North Korea. Unconsciously, they will be playing the role of the vanguard for reunification. It looks like we can expect some brilliant activities of the vanguard for reunification as Kim Chong-il succeeds to the post of president in the latter half of this year, and as North Korea comes up with a policy of greater openness.

Watanabe Remarks on Japan Colonial Rule Decried SK0606123395

[FBIS Editorial Report] The following is a compilation of editorials carried by the 6 June Seoul vernacular dailies reacting to former Japanese Foreign Minister Michio Watanabe's remarks justifying Japan's colonial rule of Korea.

The conservative CHOSON ILBO carries on page 3 an 800-word editorial deploring former Japanese Foreign Minister Michio Watanabe's remarks indicating that "the annexation of Korea by Japan was not an agreement reached by armed force." It calls upon the government to prudently deal with such remarks by Japanese officials. The editorial stresses: "Japan is a secret and organized country. Thus, the ROK should constantly seek to keenly disclose Japan's attempts to hide, distort, and fabricate history."

The moderate TONG-A ILBO carries on page 3 an 800-word editorial citing the people's reaction to Watanabe's remarks. Referring to the ROK people's preparations to mark the 50th anniversary of national liberation from Japan, the editorial says: "The absurd remarks by Japanese Government officials and right-wing politicians regarding the occupation of the Korean peninsula are becoming more insolent with each passing day." Noting the Japanese Diet's move to adopt a resolution on the occasion of the 50th anniversary of the end of World War II, the editorial states: "If offenders apologize for what they have done and if the victims offer forgiveness, the ROK and Japan can jointly participate in the trend of world history as partners in a new friendship and in cooperation, departing from their historical antagonism and conflict."

The moderate CHUNGANG ILBO carries on page 5 a 600-word editorial deploring the Japanese Government's historical view of the colonial rule of Korea and its invasion of other Asian countries. Referring to the significance of friendly cooperation and prosperity for 21st-century Asia, the editorial states: "Despite its economic power, Japan will be alone in Asia if it fails to resolve its past crimes committed against the East Asian

people during the first half of the 20th century, including the Korean people."

Noting that Japan should adopt the resolution against war drafted by the Murayama government, the editorial adds: "How can we sincerely discuss cooperation with Japan, an unreliable nation that makes absurd remarks justifying its colonial rule of Korea rather than making efforts to liquidate its past wrongdoings committed in East Asia."

The moderate HANGUK ILBO carries on page 3 an 800-word editorial deploring former Japanese Foreign Minister Watanabe's remarks denying the truth of history. Referring to the background of his remarks, the editorial states: "The world resolves to move toward future-oriented development with the approach of the 21st century."

Referring to the Japanese right's move to prevent the resolution against war from being adopted in the Japanese Diet, and to Watanabe's remarks justifying the colonial rule of Korea, the editorial says: "The double-faced attitude of Japan, which officially apologizes for the annexation but denies it when our back is turned, will not help build the cooperation system between the ROK and Japan." Noting the former German prime minister's remarks that "if Japan puts an apology into its resolution against war, this will contribute to securing peace in the Asia-Pacific area in the future," the editorial warns that "Japan should be frank."

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial lamenting the Japanese ruling forces' move to distort history. Referring to the personal background of Watanabe, the editorial states: "The reason why we are more reluctant about his absurd remarks is that he is a head of the delegation of the Japanese coalition ruling parties that recently visited Pyongyang to discuss the resumption of North Korean-Japan talks on establishing diplomatic relations, and he plays a channelling role in negotiating with Pyongyang on supplying rice to North Korea."

The pro-government SEOUL SINMUN carries on page 3 a 1,500-word editorial expressing the significance of the 50th anniversary of national liberation. Noting the historical background of the Japanese attempt to annex Korea, the editorial states: "The remarks by Former Japanese Foreign Minister Watanabe are intentional and deliberate, an insult to Koreans." Referring to remarks by former Japanese Government authorities in the past regarding Japan's past crimes, the editorial calls upon the Japanese people, who are moral, to root out those persons who make absurd remarks about Japan's past wrongdoings.

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word editorial detailing the historical background of Watanabe's remarks. Referring to Korea's proud history of fighting against Japan during the annexation of Korea, the editorial states: "Japan annexed Korea by creating a threatening atmosphere, stationing its troops on the Korean peninsula."

Referring to the world-wide campaign not to forget the fascist brutality on the 50th anniversary of the end of World War II, as well as to some Japanese political leaders' affection for fascism, the editorial concludes: "Whether or not the Japanese Diet adopts the resolution against war is its business. However, it should know that people throughout the world are watching."

Pact With Russia To Develop Siberian Gas

SK0706085095 Seoul YONHAP in English
0715 GMT 7 Jun 95

[FBIS Transcribed Text] Irkutsk, Russia, June 7 (YONHAP) — Industrial leaders from South Korea and Russia agreed to develop natural gas resources in an area near this Far Eastern Siberian city in a two-day meeting that closed here Wednesday.

For this purpose, they also agreed to conduct before the end of August a preliminary survey of the area for a future techno-economic feasibility study.

Attending the meeting, officially called the fourth joint meeting of the Korea-Russia and Russia-Korea cooperation committees for the development of Far Eastern Siberia, were some 100 Korean business leaders, including Kohap Group Chairman Chang Chi-hyok, presidential scientific and technological advisory committee Chairman Yi Sang-hui, Korea Gas Corp. Vice President Choe In-yong, Federation of Korean Industries Vice Chairman Hwang Chong-hyon and Kia Group Chairman Kim Son-hong.

Over 200 Russian industrial leaders, including the governor of the Maritime Province and representatives of 12 other Far Eastern Russian provinces, participated in the meeting.

The Russians offered to give South Korea responsibility for the project's gas pipeline, and the South Koreans responded with a plan to form a consortium for the project. Both sides then agreed to conduct a joint preliminary survey.

The Irkutsk gas development project is viewed here as having a great economic value, comparable to those of the Saha gas development project for which South Korea and Russia are conducting a joint preliminary survey.

Both sides agreed to set up economic and technical information centers in their respective countries to exchange business and technical information and to recommend to their respective governments opening a Korean consulate in Irkutsk and an air route linking the city to Seoul.

They also recommended that both governments take the legal steps necessary to facilitate a joint construction project at the industrial estate already underway in the Nakhodka free trade area so the project will be completed as soon as possible.

The South Korean delegation called for an improved foreign investment environment in Russia, saying South Korean industries are interested in investing in Russia's machinery, energy-intensive and food-processing industries, as well as its other light and consumer goods industries.

The Russian delegation expressed its hopes that South Korean industries will invest in the development of Siberian natural resources, such as oil and gas, mineral ores and timber, as well as in the petrochemical industry and in the transfer of defense industry facilities to produce civilian goods.

EU Suspends Antidumping Rule on Semiconductors
SK0706063195 *Seoul THE KOREA TIMES in English*
7 Jun 95 p 8

[FBIS Transcribed Text] The European Union (EU) decided to suspend anti-dumping regulations on semiconductors beginning the middle of this month, the Trade, Industry and Energy Ministry said yesterday.

The European Commission (EC) received positive responses from member countries to its proposal that anti-dumping regulations be removed on dynamic random access memory (DRAM) and electrically erasable and programmable (EP) read only memory (ROM) chips for nine months, a ministry official said.

He said that the decision will be made public in the EU's official journal.

The decision was based on the judgement of the EC that European semiconductor makers have not benefited from the anti-dumpings control as the semiconductor market is a buyers' market and as the Japanese yen has sharply appreciated.

Since March 18, 1993, Samsung Electronics, Hyundai and LG have been obligated to export DRAMs and modules to the EU at more than 9.5 percent higher than production costs.

A ministry official said that the suspension of anti-dumping regulations will give no substantial benefits to Korean chip makers except for reducing paperwork.

Last year exports of semiconductors to the EU increased 11 percent to \$1,758 million. During the first four months of this year, exports have soared 99.5 percent to \$741 million.

Taiwan Permits Chartered Flights to DPRK
SK0706084395 *Seoul YONHAP in English*
0422 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — Tourist exchanges between Taiwan and North Korea are showing signs of increase as the Taiwanese authorities have recently permitted the operation of three chartered flights to North Korea for tourism purposes next month.

The two countries have not held tourist exchanges since before last April when Taiwanese tourists visited North Korea for the first time to attend the Pyongyang International Sports and Cultural Festival.

The Taipei office of the (South) Korea National Tourism Corp. (KNTC) said Wednesday the chartered planes, which are all 273-seat Boeing 747SPS, will be permitted to fly to Pyongyang three times, July 11, 16 and 21, and tourists will be issued visas granting them six-day stays upon their arrival in North Korea.

A KNTC official said that such actions by Taiwan draw attention as they immediately followed the recent and bitter competition between South Korea and Taiwan over the hosting of the 2002 Asian Games that ended with Taiwan losing its bid to host the event.

Tourist industries in Taiwan are also considering the operation of additional chartered flights to North Korea after reviewing the reactions of tourists visiting the communist country.

Trade, Investment Pacts Concluded With Egypt
SK0706063695 *Seoul THE KOREA HERALD*
in English 7 Jun 95 p 8

[FBIS Transcribed Text] South Korea and Egypt have agreed in principle to conclude trade and investment guarantee pacts in the near future in a bid to speed up the bilateral economic cooperation, the Ministry of Trade, Industry and Energy (MOTIE) said yesterday.

At the same time, both countries have reached an agreement to actively back up the participation by Korean enterprises in the Urgent Development Plan of the Suez Bay now being propelled by the Egyptian Government.

The agreements were reached between Vice Minister of Trade, Industry and Energy Pak Un-so and Egyptian cabinet ministers, including Foreign Minister 'Amr Musa, during Pak's visit to Egypt June 2-6.

Vice Minister Pak visited the African country, leading a 43-member survey team on trade and investment, which comprised six senior government officials and representatives of 37 Korean enterprises.

Among the 37 Korean companies which have been pushing ahead with trade and investment in Egypt, a main gateway to Europe, Africa and the Middle East, were Samsung Electronics Co., Daelim Industrial Co., Daewoo Electronics Co. and Doosan Construction Co.

Samsung Electronics Co. initialed a total of \$72 million investment contracts with Egyptian enterprises for joint ventures, including the setup of factories to assemble air conditioners and refrigerators in Egypt.

Korean entrepreneurs also engaged in trade and investment negotiations with their Egyptian business partners in 16 projects totaling \$756 million during their five-day stay in Egypt, the MOTIE said.

They also sounded out possibilities about the establishment of joint ventures between South Korean and Egyptian enterprises in the fields of textiles, petrochemicals, oil development and tourism.

The joint ventures, if realized, will combine massive amounts of capital of South Korea and the low labor cost and cheap raw materials of Egypt, it said.

Vice Minister Pak, who also made a courtesy call on Egyptian Prime Minister 'Atif Sidqi during his stay in Egypt, returned to Seoul yesterday.

The two-way trade volume between South Korea and Egypt soared by 48 percent from \$346 million in 1993 to \$519 million in 1994. Korean enterprises' total investment in Egypt amounted to \$88 million in four cases during the whole of 1994.

Vietnam Assists in Extradition of Criminal

SK0706083595 Seoul YONHAP in English
0210 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — The Vietnamese police has helped its South Korean counterpart arrest, and return to Korea, a criminal suspect who had recently fled to Ho Chi Minh City, police said Wednesday.

The suspect, Im Yong-tae, 51, a former head of the Pusanjin branch of the National Federation of Fisheries Cooperatives fled to Vietnam after allegedly helping a business representative withdraw 9.8 billion won (about

12.9 million U.S. dollars) from his branch by fabricating the necessary documents.

According to police, Im, at the request of Yi Tong-kyu, president of Chongyong Industrial Co., on December 16 last year, forged deposit slips and computerized records so that his client could withdraw the money.

The national police agency asked Interpol for help to arrest Im and get him extradited from Vietnam. Notified of his arrest by the Ho Chi Minh City police, the South Korean police sent officers on April 26 to escort the suspect back to South Korea.

The national police agency on Wednesday transferred Im to Pusanjin police headquarters which has been seeking to arrest the suspect.

Premier Defends Police Raids on Church, Temple

SK0706075695 Seoul YONHAP in English
0751 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — Prime Minister Yi Hong-ku said Wednesday that Tuesday's police action in a Catholic church and Buddhist temple, where union leaders of Korea Telecom were staging sit-ins, was an "unavoidable step to keep the authority and efficiency of the law."

In a cabinet council meeting, Yi said that he fully understands the "grief of religious circles" regarding the police raid of Myongdong Cathedral and Chogyae Temple during which 13 leaders of the state-run company's labor union who had been staging sit-ins there were arrested.

"Since the true victims are people when law and order are not observed, it's the government's stance that authority of the law must be preserved in order to protect the best interests of the people," the prime minister said.

Government Names New Korea Telecom President

SK0706094095 Seoul YONHAP in English
0900 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP) — The government on Wednesday dismissed Cho Paek-che as the president of Korea Telecom and appointed retired General Yi Chun as his successor.

The new president of the state-run company previously served as the commanding general of the First Republic of Korea Army (FROKA).

Meanwhile, President Kim Yong-sam presented Yi with a letter of appointment Wednesday afternoon at Chongwadae [presidential offices].

President Kim asked the company's new president to create a renewed atmosphere of the company on the occasion of Yi's inauguration, asserting that the government had taken resolute measures regarding the recent labor dispute at Korea Telecom on the belief that a "strong government abides by the law and no one stands above the law."

Kim Tae-chung Interviewed on Local Elections

SK0606121195 Seoul SISA JOURNAL in Korean
8 Jun 95 pp 20-23

[Interview with Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, by senior reporter So Myong-suk at Kim's residence in Seoul on 28 May; first paragraph is SISA JOURNAL introduction]

[FBIS Translated Text] During the past week, when the internal conflict in the Democratic Party [DP] ran to extremes, Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, attracted the attention of political circles and the media in various ways. The DP's internal conflict is only one of the reasons for such keen attention. Despite the DP's complicated situation, he did not hesitate to make sensitive remarks regarding "regional divisions" during a speech delivered at Kungmin University on 25 May. On 27 May, he pushed ahead with the Yosu speech which the Democratic Liberal Party [DLP] tried to block in advance. We met with Chairman Kim at his residence in Tonggyo-tong on the morning of 28 May, just after his return from Yosu. He elaborated his opinions on the competition by DP candidates for nomination to local elections. Regarding the parliamentary government system, even though he reiterated his commitment to the presidential government system, he quoted a constitutional lawyer who said "the people's opinion is more important than one's commitment."

[So Myong-suk] The intra-party trouble was a serious blow to the DP. Some even say "the election is over."

[Kim Tae-chung] I do not agree. There are indeed many difficulties ahead. However, one month is a long time for an election campaign. The party should seek ways to reverse the situation and revive itself.

[So] You recently delivered a speech in the Honam area for the first time following the last presidential election. Was it not a campaign speech?

[Kim] I tried to be very prudent. It was not a campaign speech. It was the usual talk about reunification, religion, and the prospects for the 21st century. When I announced my retirement from politics, I made it clear that although I would not run again for the presidency, I would actively support the DP to which I belong. It is

not a breach of promise if I campaign for the DP, which I did not. Many local party branches ask me to support their campaigns, but at present I do not intend to do so.

[So] The Election Management Committee made an authoritative interpretation that your speaking in local areas violated the Election Law.

[Kim] There is nothing wrong with me speaking in local areas. The Election Management Committee's interpretation did not mean my visits to local areas are violations, but that speeches to party members and the mobilization of audiences by bus would be violations. This was asked by the DLP. It is like asking "Is Kim Tae-chung guilty if he stole something?" to which the answer would be "Yes, stealing is guiltiness." The question from the DLP and the answer from the Election Management Committee are both deplorable. I believe the interpretation damaged the fair image of the Election Management Committee.

[So] Is it true the speech is conducive to the DP in the election?

[Kim] I admit that. It is natural for a DP member to indirectly contribute to his party. The party has been through a lot lately, and comrades on the front are facing great difficulties. They are asking for my help like a drowning person tries to catch a straw. If my speeches help, I will do so.

[So] Are you not responsible for today's situation in the DP?

[Kim] I did my best for the party. I nominated Yi Chong-chan, whom I valued the most as a candidate, and said I would accept any candidate nominated by DP President Yi. President Yi approved the forming of an investigation committee by neutral members. It is not right to approve the committee while not accepting the investigation results. If one cherishes his own political life and personality, he should allow the same for others. Vice President Kwon entered the competition for nomination at the request of President Yi; he did not order an assault but settled the incident.

[So] You said you valued candidate Yi Chong-chan the most. Do you regret his withdrawing?

[Kim] I regret it very much. I even said it was doomed. When I tried to persuade Yi Chong-chan to accept the candidacy, he was not as interested. It was difficult on my part, too. He finally agreed after two months of persuasion. I was very pleased. I told my people to tell the news to the party president, saying he would also greatly welcome it. However, things went astray and failed. Had Yi Chong-chan been nominated as the DP candidate, three DP candidates from Seoul, Kyonggi,

and Incheon would have assisted each other to create a pro-DP atmosphere in their areas, sending numerous DP candidates to mayoral, gubernatorial, county and district, and council seats. It would have caused a nationwide domino effect in Kangwon, Kyongsang, and Chungchong Provinces, not to mention the Cholla Provinces. A senior journalist wrote that the would-be masterpiece of the election was ruined not by the contending parties or outsiders, but by the intra-party situation.

[So] In what aspects do you think candidate Cho Sun is superior to other candidates and who will possibly win the election?

[Kim] Above all, candidate Cho Sun is a highly virtuous man and is unshakable in his convictions. He also has the knowledge and ability required of a Seoul mayor. The most pressing questions that Seoul must solve first of all are traffic, prices, and environmental problems. All these problems belong to the economic sector. Everyone can easily promise to solve traffic problems. What matters is the way to prepare a budget for it. To solve the problems, one is required to have professional knowledge and experience. Candidate Cho is a qualified man in this aspect.

[So] The political sector sees election of the Seoul mayor as a war between the two Kims' proxies.

[Kim] Candidate Cho Sun is not my proxy. It is true, of course, that I think he is an excellent candidate. However, the Domestic and Overseas Affairs Institute and the party leader Yi Ki-taek jointly selected him as the party's candidate for Seoul mayor. Election of the Seoul mayor is to be conducted based on the candidates' qualifications, not based on people's favorable feelings toward other persons. I believe that such a viewpoint, as harbored by the political sector, must be abandoned and that the election must not be conducted based on personal favoritism toward persons other than the candidates. If candidate Cho wins the election, it will be his victory and that of the DP, not mine. To regard the victory as mine shows a great want of respect for the Seoul citizens.

[So] In the course of competition for the candidacy, the "intents of the two Kims" — President Kim Yong-sam and Chairman Kim Tae-chung — came under great challenge. This indicates even the signal of the change of the times represented by lessening the two Kims' influence.

[Kim] First of all, I doubt the pertinence of the expression "the Kims' intents." Every party is influenced by its own leader. Sometimes, the leader's influence is well exerted upon the party, and sometimes not. People

might view the case of South Cholla Province from different angles. Both the two candidates of the DP are close to me. What matters is who was considered more qualified for the position of provincial head. My friendship with and confidence in the two candidates is the same. Professor Kim Song-hun, who had started the election campaign only 10 days before the election for the party candidacy in the province, won almost the same number of votes as his rival. He drummed up indeed a large vote. One must not judge everything simply by the result, disregarding the situation.

[So] In light of your remarks so far, it seems that you have played more than the role of a rank-and-file member of the party in the recent election of the party's candidates for the local elections. This seems to be far from the statement you made when you retired from the political world, in which you declared that you would live as an ordinary citizen.

[Kim] I did not meddle in party affairs at all ordinarily. However, watching the undesirable situation of the party with the elections ahead, I came to intervene in party affairs excessively as a rank-and-file member. When one's native home has a patient or a fire or suffers from other misfortunes, one should naturally run there to give a helping hand. What I am doing for the party is not entirely what I want to do. Herein lies my dilemma. However, what I did is not a violation of the law or an act of breaking the promise I made before the people.

[So] What is your opinion of the inauguration of a new party by Kim Chong-pil, head of the United Liberal Democrats, who overturned the parliamentary government by raising a coup, under the slogan of establishing a new parliamentary government?

[Kim] I have no intention of directly criticizing Kim Chong-pil. He is doing so based on his own belief, and one's belief can change with changing times. At any rate, I believe that the question concerning the power structure, whether it is a parliamentary government or a presidential government, will be a big issue in the general elections slated for next year.

[So] Do you mean that political parties will make commitments on the power structure in the general elections?

[Kim] Yes. I think the political situation will make them do so. The people also seem to be very much interested in this issue.

[So] What changes do you think have made in the people's consciousness?

[Kim] Many of those who opposed a parliamentary government in the past are now supporting it. There

are also cases that contrast with this. I think it is time to examine popular feelings once again.

[So] Please clearly express your belief regarding parliamentary and presidential government systems. Your recent statement at the Central Buddhists' College made people feel that your opinion on the parliamentary government system has changed little.

[Kim] There has been no change in my belief supporting a presidential government system. What I stressed in my recent speech is that the insistence that "a parliamentary government system would be an obstacle to reunification" is not correct.

[So] Which do you value more, your belief or public opinion?

[Kim] In the so-called 1980 spring of Seoul when the whole country was hopeful for democracy, the issue concerning parliamentary and presidential government systems was raised. At that time, Dr. Yu Chin-o, who was an authority on our country's constitution, told us: "I have supported a parliamentary government system during my whole life. However, what is important is what the people want, not what I want." Both parliamentary and presidential government systems are democratic systems. Therefore, the people's opinion is important. I consider Dr. Yu's statement to be very instructive. After the local elections, this issue will emerge as an important that attracts the people's great attention. I think we all had better think about it then.

[So] Some people note Kim Chong-pil is arousing new regionalism.

[Kim] I do not think so. Former President No Tae-u created a Honam [South and North Cholla Provinces] region vs. non-Honam region structure, and conducted the presidential election within the structure. By the way, the current regime completely reproduced the structure through a cabinet reshuffle late last year. Those from Cholla Provinces were completely excluded from the new cabinet list, except one ministerial position. A regional discrimination was pursued like making fun of a student at school. Of course, it is not that Kim Chong-pil resisted such moves. However, he finally ran out of the structure. As a result, the most incorrect structure, in which a district fell victim thorough discrimination while another district assumed absolute supremacy, began to collapse. In view of the result, he made a contribution to this.

[So] In a speech you delivered when you were invited to a symposium at Kukmin University on 25 May, you stated that "With a local autonomous system, our country will be divided into four or five districts." In connection with this, the DLP is strongly denouncing

you as the first political leader that undisguisedly supports rivalry of localities. In some aspects, moves for regional alliance by the outs against the government seem to be a collusion based on rivalry of localities.

[Kim] I regret to say that the DLP must study harder. There is hegemonism and rivalry in regional problems, and both are not good. The hegemony assumed by TK [Taegu and North Kyongsang Province] and PK [Pusan and South Kyongsang Province] has completely discriminated and isolated a district for the past 30 years. Rivalry is also bad. What I insist on is equalization of districts. While hegemonism is represented by a district vertically reigning over many districts, equalism is represented by horizontal co-existence, co-prosperity of all districts which can freely voice their own opinions. How can this be called an insistence on rivalry of localities?

[So] The DLP assures that many candidates will run for the upcoming elections on the ruling party ticket in Honam.

[Kim] I positively view the change of the people's consciousness. It is not desirable that a certain party entirely wins victories in all districts of a region. Such a phenomenon must be removed as soon as possible. However, changes should be made not only in Honam, but in Yongnam [South and North Kyongsang Provinces], as well. Candidates of opposition parties must be elected in Yongnam, too, for truly desirable changes.

[So] Do you think it is possible that if the DLP loses the elections, some DLP forces will leave the party?

[Kim] I do not think I am in a position to mention such an issue. What I can say is that in my opinion, various situational changes in the political world will follow the local elections. Although I cannot say the changes will certainly be made, I believe this view of mine is not a totally groundless one.

[So] I feel President Kim Yong-sam and you have directly or indirectly confronted each other since the controversy arose concerning the proposed postponement of local elections. Do you have anything to say about this?

[Kim] While travelling in the PRC, the United States, and Japan, I expressed my support for the government's position that the ROK should play a leading role in supplying light-water reactors to North Korea. This can be proven by the fact that even officials from the Agency for National Security Planning [NSP] stationed in our foreign embassies have reported to the NSP that I did what they could not do. At that time, signs were strong that the president did not attach significance to the local

autonomy system and tried to postpone local elections. Therefore, I expressed my opinion. I also proposed a package deal and Carter's visit to North Korea as a solution to the nuclear problem. My opinion was different from that of the government, but it was a mere difference in views. As a person who has studied the reunification issue for 20 to 30 years and contributed to building a foundation for this country's reunification policy, I expressed my opinion out of a love for the nation during a time when the North and South were about to sink into a crisis of total destruction. I was not personally opposed to President Kim Yong-sam at that time. Nevertheless, some government and DLP officials have never assumed an affirmative position toward my cooperative initiative, but merely caviled at my words. That is regrettable.

[So] Why do you not meet President Kim and talk over those unpleasant things?

[Kim] The president proposed a meeting twice after he returned from Britain. The meeting was postponed each time because of the president's other commitments; no further contacts have been made. I have no intention of meddling in domestic political affairs while talking about them in one way or another. However, if the president proposes discussing reunification and diplomatic affairs, which both the ruling and opposition parties must handle by joining forces, then I will readily accept the offer.

[So] President Kim and you have completely different views on local elections: President Kim thinks the press has attached excessive importance to them, while you say they are the genuine beginning of democracy. Would you comment?

[Kim] Local autonomy is the essence of democracy, is it not? The United States began with autonomy in Virginia, and developed into a union. No democracy can be practiced in a country where there is no local autonomy. If we had practiced local autonomy earlier, there would not have been regional disparity and confrontation. Under the current system, the government appoints provincial governors or county chiefs, and regional governments can do nothing even if they are discriminated against. Those local chiefs would not tolerate any discrimination under the local autonomy system. The local autonomy system is also related to reunification.

[So] You say this as if a rosy future will unfold under the local autonomy system. However, many people worry that incompetent elected local chiefs may bankrupt local governments or that one corrupt elected local official after another will be engaged in irregularities. Would you comment?

[Kim] Corruption involving elected officials is an issue these days. Corruption involving appointed local officials is quite serious. Under the local autonomy system, residents of an area will keep an eye on the chief. Under the current system, all a corrupt official has to do is leave town. Elected local officials cannot do so. If they are found to be corrupt, they will be in an unfavorable position in future elections. Therefore, elected officials will be prudent. It is impossible for elected local chiefs to bankrupt local governments. First, they cannot do so because they must win support from people in future elections. Second, in our country the central government provides 70 to 80 percent of the local budgets. Therefore, that is a groundless worry. Our country is different from countries like the United States where local governments enjoy financial autonomy.

[So] A book entitled "Killing Kim Tae-chung" was popular. Have you read it?

[Kim] Only the beginning. The title was horrific. I did not feel like reading it. Even though the author may have written the book with good intentions, some of the facts were not true or were incorrect.

[So] Your response is unexpected. What was not true?

[Kim] The book writes that when I give money to reporters, I turn my back, count the money, and give it to reporters. I have never done that. The allegation gives the impression I am very small-minded. People never forget such allegations. There were similar references. Generally speaking, I am grateful for the fact the author courageously wrote the book because he was angry for the unjust suppression against me. However, I think he should have contacted me to confirm facts.

[So] Some say if you choose your successor now and positively help him, a transfer of power will be possible. Do you intend to do so?

[Kim] If I support a certain person, people will say it is undemocratic. A prospective leader should make efforts to emerge from among the people. If a person is a genuine prospective leader, people will pressure established politicians to leave the political scene and make way for him. Some politicians who talk about successors do not make efforts but seek imminent gains. Therefore, people have difficulty finding true successors. This is an important point.

Ex-President Refuses To Answer Kwangju Queries

SK0706084295 Seoul YONHAP in English
0214 GMT 7 Jun 95

[FBIS Transcribed Text] Seoul, June 7 (YONHAP)
— Former President Choe Kyu-ha has reiterated his

refusal to answer questions about his role in the alleged armed suppression of the May 18, 1980, Kwangju democratization movement.

Choe formally conveyed his intention not to comply with the prosecution's plan to visit his home for questioning through his lawyer Yi Ki-chang, stating, "It is not desirable for the future of the country that the official conduct during a president's term is examined by investigative organizations."

He claimed that the questions the prosecution asked him are directly related to presidential acts he performed for the state, saying, "This (investigation into the acts of a president) I fear will form a precedent hindering the smooth performance of state affairs."

Concerning Choe's boycott, the prosecution is expected to encounter some difficulties in their investigation which is probing into the issue of whether the "elite military group" led by then General Chon Tu-hwan exercised high-handedness over President Choe in suppressing the Kwangju democratic uprising.

Meanwhile, the prosecution said that it asked Choe to reconsider his boycott because Choe's statement is essential if the truth is to be revealed about the Kwangju uprising.

Extraordinary Session of National Assembly Ends

SK0506133795 Seoul YONHAP in English
1248 GMT 5 Jun 95

[FBIS Transcribed Text] Seoul, June 5 (YONHAP) — The 175th extraordinary session of the National Assembly came to an automatic close Monday after continuous recesses.

The special sitting was convened on last May 8 at the request of the opposition Democratic Party.

Not even a single meeting could take place during the special session due to bipartisan discords on the way of handling the recent major city-gas explosion in Taegu.

Under the constitution, the term of a special assembly session cannot exceed more than 30 days.

Burma

Junta Said Detaining NLD Figure Kyi Maung

OW0706041595 Tokyo KYODO in English
0355 GMT 7 Jun 95

[FBIS Transcribed Text] Yangon, June 7 KYODO — Myanmar's [Burma's] ruling military junta has again detained a former National League for Democracy (NLD) leader, Kyi Maung, who was freed in March, according to informed sources.

The detention took place last Friday [2 June] shortly after Kyi Maung held talks with the British ambassador to Myanmar, who is to return to London with a former secretary of detained opposition leader Aung San Suu Kyi.

The government had released Kyi Maung, a retired colonel and leading spokesman for the NLD, on condition that he would not become involved in any political activity.

Kyi Maung's meetings with other dissidents led the military junta to detain him, the sources said.

He played a leading role in the opposition's landslide victory in the 1990 general election, when he served as the NLD's deputy general secretary.

Before his release in March, Kyi Maung had been imprisoned for about five years by the military junta, which refused to accept the election results and remains the governing authority.

NLD General Secretary Suu Kyi, a Nobel Peace Prize laureate, has been under house arrest since July 20, 1989.

Than Shwe Visiting Indonesia, Singapore

BK0506143495 Rangoon Radio Myanmar in Burmese
1330 GMT 5 Jun 95

[FBIS Translated Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma] and prime minister, accompanied by his wife Daw Kyaing Kyaing, left Yangon [Rangoon] by special aircraft at 0700 today for a goodwill visit to the Republic of Indonesia at the invitation of President Suharto and his wife.

Sr. Gen. Than Shwe and his wife will also pay a goodwill visit to the Republic of Singapore at the invitation of Prime Minister Goh Chok Tong.

Sr. Gen. Than Shwe and his wife Daw Kyaing Kyaing were seen off at Yangon international airport by General Maung Aye, SLORC vice chairman; Lieutenant Gen-

eral Tin U, SLORC secretary-2; Vice Admiral Maung Maung Khin and Lt. Gen. Tin Tun, both SLORC members and deputy prime ministers; SLORC members; cabinet ministers; deputy foreign affairs minister; senior military officials and their wives; military and civil officials; Mr. Julian Hartland-Swann, dean of the Diplomatic Corps and British ambassador, and his wife; senior diplomats and their wives; Singaporean Ambassador Mr. Calvin Eu Mun Hoo; and the Indonesian charge d'affaires.

Sr. Gen. Than Shwe and his wife were accompanied by Lt. Gen. Khin Nyunt, SLORC secretary-1, and his wife Dr. Khin Win Shwe; Lt. Gen. Thein Win, minister of transport and air force commander in chief; Agriculture Minister Lt. Gen. Myint Aung; Brigadier General Abel, minister of national planning and economic development; Foreign Minister U Ohn Gyaw and his wife; U Ko Lay, chairman of Yangon City Development Committee and mayor of Yangon; responsible officials from the SLORC office, the defense and foreign ministries.

High-Level Military Delegation Departs for Laos

BK0506144795 Rangoon Radio Myanmar in Burmese
1330 GMT 5 Jun 95

[FBIS Translated Text] A high-level military delegation led by Major General Kyaw Than, commander of the central military command, left by special military aircraft at 0600 today for the Lao People's Democratic Republic for a goodwill visit at the invitation of Lieutenant General Ai Souli-graseng, chief of general staff of the Lao People's Army.

The delegation was seen off at Mingladon Air Base by Lieutenant General Tin U, secretary-2 of the State Law and Order Restoration Council; Lt. Gen. Min Thein, military adjutant general; Maj. Gen. Tin Ngwe, air force chief of staff; and responsible personnel.

Brunei, Malaysia & Singapore

Malaysia

Article Considers Post-Cold War Espionage

BK0606163795 Kuala Lumpur THE STAR in English
3 Jun 95 p 19

[Article by V.K. Chin under the "Comment" rubric: "Diplomacy, espionage do work in tandem"]

[FBIS Transcribed Text] To some governments, diplomacy and espionage are like Siamese twins and are therefore inseparable. They expect such actions against each other and will be surprised if there is no spying. For this matter, one should not blow spying by the Australian secret service out of proportion.

It is of course in bad taste for a government to bug the embassy of a friendly one. It is just unfortunate that in Australia, there are spies who blow the whistles on their former employees.

It is even more regrettable for Canberra that its media is rather fond of giving its government a bloody nose at every turn. That is supposed to be what democracy and freedom of the press is all about.

In actual fact, the sin is not in bugging your friend's office but rather in being caught doing it. So it is a game in which most governments are involved. They only differ in degree.

Why do governments spy on each other? Some governments are of course more busybody than others but the main purpose is to find out in advance what other governments, both friendly and unfriendly ones, are doing politically and economically.

After all, information has a great influence in giving those with such knowledge a definite advantage in planning their own agenda. It is always useful to know what other governments are doing and you never know when such intelligence will come in handy.

Such activities may not concern the host government but it will be a big advantage to find out what others are doing to each other. Spying has changed its character in the past few years, particularly with the end of the Cold War.

In the old days, it is open knowledge that the free world and the communist ones were spying on each other. In fact, it was really a game being played on each other all over the world.

All that the two antagonists would do would be to find find ways to foil each other's activities. At least, then, the world's security was at stake. With so many of them having changed their system of government, the ex-communist countries are no longer such a threat to world security. No doubt such intelligence activities have been scaled down proportionately.

In the present-day context, most of the gathering of such intelligence would be economic rather than military or political. America and Japan may be the best of friends but it would certainly be advantageous if Washington could find out what Tokyo has in mind in their present trade dispute.

Still, it leaves a bad taste to find out that your so-called friends are bugging your embassy or hotel rooms. There is no reason to feel indignant to be told that this is actually going on.

It is not that you are angry that a friendly government is doing it to you. It hurts more because your friend does not trust you or that you are hiding something from him.

Editorial Condemns Riot at SRV Refugee Camp

*BK0706073795 Kuala Lumpur BERITA HARIAN
in Malay 7 Jun 95 p 8*

[Editorial: "The Vietnamese Refugees Are Becoming Intolerable"]

[FBIS Translated Text] The riot staged by the Vietnamese refugees at the Sungai Besi Refugee Camp yesterday and their readiness to sacrifice their lives showed much boldness and clearly challenged the sovereignty of the country's laws. Irrespective of whether they were instigated by external elements or otherwise, their action to gain sympathy should not have been carried out if they truly realized our provision of humanitarian assistance and good services to them. As a humanitarian gesture, all good deeds should be appreciated and should not be reciprocated by challenging our rights and strength.

The discovery of dangerous weapons, the attack on our security personnel, and the threat to commit suicide as a means of getting their demands met were clear evidence that the Vietnamese refugees wanted to display their arrogance. Had our citizens acted in such a manner in other countries, we would have been disgusted. The refugees should be thankful that they are still alive, since the kinsmen they left behind are probably now dead. If they are truly courageous, why did they flee their country during the war? In fact, they are not fighters but cowards and defectors from the war in their own country.

However, they are very fortunate. After defecting from their country, they were saved and given shelter, food, and clothes. Viewed from any angle, no one can tolerate the Vietnamese refugees' impertinent attitude. If such is the attitude of the victims of war, whom we saved from imminent tragedy, then our citizens will not allow the government to provide protection for such a category of individuals. Since our first acceptance of this group, our position that our country was only willing to become a temporary center was clear and was backed up by the international community.

When the time comes, the refugees need to be relocated to third countries that are willing to accept them. When the third countries are unwilling to accept them anymore and the situation in Vietnam has returned to normal, then they should voluntarily return to their homeland. There is no reason whatsoever for them to be disinclined to be repatriated because Vietnam had agreed to accept the

refugees based on the memorandum of understanding signed between Malaysia, Vietnam, and the United Nations High Commissioner for Refugees (UNHCR) in Geneva.

The recent unacceptable action by the Vietnamese refugees is not the first incident that has occurred in countries providing them with temporary centers. Such threats have also occurred in several other countries. Malaysia is not a place for them to test their prowess. Malaysia, which bears a responsibility toward its own citizens, is only a temporary base for the refugees to seek shelter. A temporary period can only be taken to mean a short period of time. We only accorded them an extended period of stay in the name of compassion and for a temporary period.

Including the time they were adrift at sea since 1975, we have been providing a continuous service of rehabilitation and relocation for 20 years. A lot of time and effort has been wasted in providing such services. In fact, on one occasion, despite public protests, we allocated Pulau Bidong in Terengganu as their shelter. At the same time, we also denied our fishing community the right to conduct any fishing activity in the vicinity of the waters surrounding the island. Have the Vietnamese refugees entirely forgotten our deeds extended to their kinsmen who were relocated to numerous third countries?

If a financial account were to be drawn up, it would show that we have, either directly or indirectly, spent money on them. We do not hope for any reimbursement from either the UNHCR or other agencies because the amount is relatively small. The Sungai Besi Camp is situated at a strategic area. It would be preferable if the area were to be developed to help accommodate the squatter community instead of allowing it to become a haven for Vietnamese refugees to do as they please. We hope that the government will firmly stand its ground in repatriating the refugees to Vietnam. There is a limit to our compassionate stand.

Commentary Welcomes Visit by Philippines' Siazon

*BK0706074095 Kuala Lumpur Voice of Malaysia
in English 0810 GMT 6 Jun 95*

[Station commentary]

[FBIS Transcribed Text] It is a common practice among leaders of ASEAN countries to visit their neighbors within the month of taking office. This is done in the true ASEAN spirit to ensure that leaders familiarize themselves with their ASEAN counterparts. It has become a habit, a very good one for sure, to enable them to understand the integrity of relationship between all the countries involved. Through such efforts ASEAN

member countries have been able to not only upgrade diplomatic ties but also bilateral relations amongst them.

One good example of such practice was the recent visit made by the newly appointed Philippine Foreign Secretary Domingo Siazon Jr. to Kuala Lumpur in the first leg of his ASEAN familiarization tour. It was his first visit after taking over the portfolio. It was a good visit as he was able to call on his Malaysian counterpart Datuk Abdullah Ahmad Badawi. Both of them were able to discuss various subjects, including the issue of foreign workers in Malaysia.

Malaysia stressed that problems and issues pertaining to foreign workers should not be blown out of proportion and jeopardize bilateral relations between the two countries. Instead, both governments involved need to act justly and exchange information speedily to resolve any problems. This is to prevent the issuing of inaccurate statements on problems affecting foreign workers. It is also one way of ensuring that such issues do not affect the cordial relations between the respective countries.

During the two-day visit, Siazon also asked the Malaysian Government to step up cooperation with the Philippine Government to upgrade the economy of southern Philippines, where there is a substantial Muslim population. In this context, Malaysia will provide the necessary assistance as it has the administration avenues and agencies to render cooperation to those living in southern Philippines, many of whom are reportedly living in poverty. This cooperative attitude is a reflection of the friendly relationship between the two countries, where all problems are resolved through diplomatic negotiations and not through military actions.

Malaysia has been interested to take new industrial and agricultural land in the Philippines as well as be a major player in the republic's hotel and tourism industry in a move to further step up bilateral cooperation. These subjects were among the areas of economic collaboration touched by Prime Minister Datuk Sri Dr. Mahathir Mohamed and Philippine President Fidel Ramos in their informal discussions in Manila earlier this year. One such possibility is the planting of high-yield crop like oil palm. Another project mentioned is the possibility of Malaysian companies helping to develop deep water port to serve the growing need of rapidly industrializing Philippines. A few other projects were also mentioned. On top are the Proton car assembly joint venture plant in Philippines.

Through various diplomatic activities, Malaysia and Philippines have strengthened their relations, especially between the countries' top leaders who have established a good personal understanding.

Cambodia

Investment Board Reports on Approved Projects

BK0606121095 Phnom Penh PHNOM PENH POST
in English 2-15 Jun 95 p 13

[Report by Susan Postlewaite]

[FBIS Transcribed Text] The Cambodia Investment Board [CIB] during the first five months of 1995 approved 30 new private investment projects for Cambodia in a variety of industries from cement manufacturing to silk to ice cream.

The projects are worth a total of \$374 million, although most of the projects involve capital investments of less than \$1 million to \$2 million each. They would eventually create 8,525 jobs.

The largest projects are two hotels and a \$148 million cement plant to be built by a Cambodian company called C.B. International.

One of the hotels is the Regency Company's 420 room, \$466 million hotel being built by a Cambodian, French, Thai, British joint venture. The other hotel is described as a \$60 million resort to be built by Kogino Resort Co. Ltd. of Cambodia.

It is the second time the CIB has released its lists of new investment projects for Cambodia since the passage of the Investment Act last summer. The board managed to cut the average time it spends from application to approval from 40 days last year to 29 during the January to May period.

Several of the projects approved are in the food processing industries. The largest of these is an ice cream and juice plant by Sentosa International Ice Cream Co., of Malaysia. The investment is pegged at \$7.1 million.

Other food processing projects include Niesen Food and Drink Co., of Hong Kong, which is involved in food and soft drinks; Evershine Food Industries, a joint venture between Cambodian and Singaporean investors to produce snacks food. That investment is valued at \$1.6 million. Also Suwat Peanich Co., a Cambodian-Thai joint venture, is making a \$430,000 investment in snack food.

Other industries dominating the investment list are building materials and garment industries. The planned investments include two brick plants, a particle board plant, and an asphalt plant. There are several small textile operations, mostly joint ventures between Cambodia and other countries.

One of the largest of the textile industry operations is a Cambodian-Chinese joint venture called Da Wolf Silk Co., which plans to grow silk cocoons in Cambodia

and export the cocoons to China for finishing. That investment is pegged at \$2 million and is expected to create 95 jobs at the outset.

In contrast to last year, when several cigarette companies applied for investment approvals, there is only one cigarette company on the list, a company called Hong International Co., a Cambodian-Australian joint venture, which is making a \$100,000 investment.

The list also includes a \$20 million rice project owned by Cambodians and Singaporeans.

Nathalie Saphon Ridet, spokeswoman for the CIB, said the average approval time for the projects is 29 days. One project, an Australian garment company called Cambodia H.K. Garment, was approved in just eight days.

She said that although the CIB has approved the projects in principal, after reviewing the companies' feasibility studies, the projects are still subject to contract negotiations and environmental approvals from the Ministry of Environment. She said the companies have one year to get started on their investments. If nothing materializes, their approvals will be revoked. The approvals entitle the companies to get a variety of tax incentives for setting up a business in Cambodia.

In addition to the manufacturing operations, the CIB approved eight service companies. They include three foreign law firms, the Singapore petroleum company, Caltex Services, an engineering partnership between Cambodia and Australia called Stanhill Engineering Bosch Co., a French-Cambodian medical services company called SOS International Medical Center, and a Cambodian-Thai radio station, KCS Cambodia.

Khmer Rouge Official Holds News Conference

BK0506152495 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 5 Jun 95

["News conference" by "His Excellency Mak Ben, minister in charge of rural areas, agriculture, and water and representative of the Provisional Government of National Union and National Salvation" on the cabinet meeting of the Provisional Government of National Union and National Salvation on 5 June — recorded]

[FBIS Translated Text] [Mak Ben] I, Mak Ben, representative of the Provisional Government of National Union and National Salvation [PGNUNS], have been assigned by the government to report to compatriots on the 5 June cabinet meeting.

Today the cabinet gave serious attention to the issue of corruption in the two-headed government. The PG-

NUNS cabinet discussed and debated this issue. Corruption is affecting our nation, people, and race seriously. The cabinet realized clearly that corruption within the two-headed regime, puppet of Communist Vietnam, is a war and a weapon of both Communist Vietnam and the alliance. The two-headed government is implementing this policy on the orders of its masters. Communist Vietnam and the alliance use this corruption the way they use propaganda, psychological warfare, and all other kinds of warfare, to build up their forces to divide and share the flesh and blood of our nation and people.

Corruption runs to the core. The entire regime is corrupt. This regime was set up by Communist Vietnam and is one that betrays the nation, sells the nation, and robs the nation and its people. Henchmen of communist Vietnam have sold the nation, robbed the nation and people, and massacred the nation and people to serve their Communist Vietnamese masters. This explains the rampant corruption from top to bottom. This corruption includes selling the nation, territory, forest, lakes, rivers, sea, islands, Kompong Som, Phnom Penh, and the extortion along the roads.

Who are the corrupt leaders selling off the nation and skinning the nation and people? Hun Sen, Chea Sim, and Ranariddh are the traitorous ringleaders. They are very corrupt. They are the perpetrators. The great ringleaders and criminals who orchestrated this, however, are Communist Vietnam and the villainous alliance. Communist Vietnam and the villainous alliance have made efforts to (?destroy) Cambodian society and annihilate the Cambodian nation and race. The current state of corruption is not an ordinary matter. How can this issue be resolved since these men are traitors and so corrupt? Vietnamese are everywhere. The land, forests, lakes, rivers, and economy have been ruined. Over 4 million Vietnamese have plundered the nation's resources. The two-headed administration does this, as do villainous foreigners. How can the problem be resolved?

Newspapers only say a few words, asking for an end to corruption and robbery. Journalists have been arrested and murdered. Therefore, the problem cannot be solved. To resolve the problem, there should be a genuine national government with nationalists and people who are suitable and honest, and with various circles working together. Only with such a national government can the problem be resolved.

To do this, the war should be ended and the nation reconciled. There should be rights, freedom, and democracy. By democracy, we mean democracy like in the ASEAN countries. We will do this too, completely, once war is ended with peace and national reconcili-

ation. Cambodia should not be a country of thieves the way it has been for the past 16 years.

[Unidentified correspondent] On behalf of the PGNUNS radio, I would like to ask Your Excellency about the two-headed government signing the contract selling Kompong Som to a Malaysian company for construction of a casino. What are the implications of this matter? Please elaborate.

[Mak Ben] The selling of Kompong Som and tens of thousands of hectares of land there to foreign companies to set up a casino for 70 years seriously affects the nation's sovereignty and the survival of our entire nation and people.

Setting up a casino is opening a gambling den, a brothel, and an (?opium) den. It is setting up dens of vices for international villains. Selling Kompong Som is like selling off a large chunk of the nation's flesh to foreigners and allowing the latter to eat Cambodian flesh and drink its blood at will. It is allowing international villains to destroy Cambodian society and civilization and the clean traditions of our people. Wait and see. Those of our people who have been skinned by these guys will become very poor in the provinces (?and communes) and will be absorbed and annihilated. The country and nation will become poor. The people will become landless because of the war lasting 16 years. If foreigners are allowed to do this, our nation will perish.

Our nation and people understand this. They are (?assisting) us; they are struggling against local administration in provinces, districts, communes, and villages. They have gone to Phnom Penh to demonstrate in front of the Assembly and in front of the houses of Hun Sen, Chea Sim, and Ranariddh.

The National Union Party, the PGNUNS, clearly understands this issue and has talked about it constantly, protested it, and struggled against it. Our people also struggle. Only when our nation and people take their destiny into their own hands can the Kompong Som issue and other issues be resolved.

[Unidentified reporter] Thank you, Your Excellency. We represent a mass organization in Kompong Speu Province. We would like to ask Your Excellency about the administration taking over tens of thousands of hectares of people's land. What is the stance of the PGNUNS?

[Mak Ben] The PGNUNS and National Union Party have stated in the party's political program and in successive government statements that people have the right to own land. People have the right to defend the land. Land that has been expropriated by the Communist Party of Vietnam, Vietnamese nationals, or communist

Vietnam's puppet administration as their own property or of their groups and families, or sold to foreigners, should be returned to the people. This position has been filtering down to our people and resulted in a fighting force on this issue. Famine has become another increasingly acute issue.

[Unidentified correspondent] I am from the radio. I would like to ask Your Excellency a final question. There are reports that a conference is being held in Phnom Penh on mines. What is the position of our government on this issue?

[Mak Ben] I would just like to say that our people are well aware of the mine issue and the root cause of this problem. Our people in rural areas and Phnom Penh know about this. Troops fighting on battlefields also know this. Mines are the result of communist Vietnam's war of aggression.

The communist Vietnamese use mines to kill our people and our resistance forces. When the two-headed government came along, it added more mines. The alliance did this too. In the K-5 plan to fight the resistance forces and the people in areas along the border, the communist Vietnamese laid 5 million mines along the border from Koh Kong to Choam Khsan and to the three-border area. There were all sorts of mines, particularly (?improvised) ones. The Vietnamese planted 100 million iron spikes on the border alone. In the interior, mines were used to surround the people to prevent them from earning a living. Mines were planted right at the gates and staircases of people's houses. No one said a word about this. Only the people talk about it. Now these guys are shouting about mines. This is pure theater. Those who claim they are coming to remove mines are in fact laying more mines. Therefore, to solve the mine issue definitively, the war should be ended.

Indonesia

Editorial Views Austria Meeting on East Timor

BK0706005695 Jakarta SUARA PEMBARUAN
in Indonesian 2 Jun 95 p 2

[Editorial: "Intra-East Timor Dialogue in Austria"]

[FBIS Translated Text] Fifteen Indonesians of East Timor origin have departed for Vienna, Austria to attend a United Nations sponsored meeting, or dialogue, involving all East Timor elements. The meeting is scheduled to begin today (Friday, 2 June 1995). Bishop Ximenes Belo flew to Europe ahead of his friends two weeks ago.

According to Portuguese mass media reports in Lisbon, Bishop Ximenes Belo met Portuguese Foreign Affairs Minister Durao Barroso and President Mario Soares

in Portugal prior to the dialogue. Media sources and observers on East Timor affairs in the Portuguese capital even say that Bishop Belo met Ramos Horta, an anti-integration and anti-Indonesian leader, and Abilio Araujo, a Fretilin [Revolutionary Front for an Independent East Timor] leader in Portugal.

The meeting between the overseas and local East Timorese seems to interest journalists and political observers on East Timor, Indonesia, and Portugal. Several matters are directly linked to the Austria meeting.

First, the decision by Mario Viegas Carrascalao, currently ambassador of the Republic of Indonesia to Romania, not to accept a UN invitation to attend the Austria meeting reflects his attitude and personal integrity. Carrascalao believes the integration of East Timor into Indonesia was made final through Law No. 7/1976. As an individual, he refused to accept the invitation because he clearly views himself as an Indonesian. The invitation referred to him as an East Timorese.

Second, Roving Ambassador Lopez da Cruz has stated that the political status of East Timor will not be discussed during the meeting. This clearly reaffirms Carrascalao's statement that the integration of East Timor with Indonesia is final and irreversible. The first question is: How can the participants in the Austria meeting refrain from discussing the political status of East Timor or other things related to East Timor? The last question is: What will be discussed — what will be the agenda — during the dialogue involving all elements in East Timor? The various problems of East Timor will inevitably come up, develop, and become topics of debate.

Third, pro-Indonesian East Timor groups maintain that the integration of East Timor with Indonesia is irreversible. On the other hand, anti-integration East Timor groups will use the forum to defend their political goal of East Timor becoming independent or autonomous.

Fourth, the format, agenda, and likely results of the United Nations sponsored meeting on East Timor remain unclear. Thus, it is too early to predict the practical consequences or significance of the Austria meeting for all East Timorese. No one will be seen as winners or losers at the end of the Austria meeting because the meeting will not serve as a forum to recognize or negate any of East Timor's problems.

Nevertheless, the United Nations has admitted that the intra-East Timor meeting in Austria will be a continuation of the first and second meetings in London. Those coming from East Timor itself apparently want to use the meeting to convey a message to those living outside the territory. The message is this: If they are

unable to participate in the development of East Timor, they should not disrupt the development process.

The Austria meeting can also be regarded as part of the effort to contribute positively to tripartite talks involving Indonesia, Portugal, and the UN secretary general. We hope that something positive will come out of the meeting because we have seen goodwill among the dialogue participants.

Suharto, Than Shwe Agree To Boost Ties

BK0606143495 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 6 Jun 95

[FBIS Translated Text] President Suharto and Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] of Myanmar [Burma] have agreed to enhance bilateral trade and economic ties. To achieve this objective, it is necessary to exchange visits between officials and businessmen of the two countries.

Speaking to reporters after the two leaders met at Jakarta's Merdeka Palace this afternoon, Minister-State Secretary Mardiono said agreements on the avoidance of double taxation and other accords are needed to boost trade and economic ties. The two sides also agreed to upgrade cooperation in other areas, including the exploitation of natural gas and aviation.

[Begin Mardiono recording] Officials of the two countries will hold detailed talks on what the two leaders agreed on today. They will also study ways to achieve concrete cooperation in telecommunications, forestry, and several industrial sectors. The Indonesian side is likely to invest in Myanmar. Cooperation in fishing is also another possibility. Myanmar is seriously considering buying railway coaches, which we produce here. We also offer [words indistinct] for airports in that country. [end recording]

During the talks, the Myanmar [Burmese] leader also expressed his country's desire to join ASEAN. The SLORC chairman also invited the president and Mrs. Suharto to visit Myanmar. A meeting to discuss economic matters was also held by officials of the two countries, with the Indonesian side led by Hartarto, coordinating minister for trade and industrial affairs.

Commission Meeting To Discuss Disputed Island

BK0706005795 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 6 Jun 95

[FBIS Translated Text] The fourth Indonesia-Malaysian Joint Commission meeting at the senior official level — which will discuss political, economic, cultural, and information issues — begins today and ends on 8 June 1995.

The following is a report by RRI correspondent Istiar:

[Begin Istiar recording] The senior officials will discuss 18 topics during the Indonesia-Malaysia Joint Commission meeting that begins today. The status of the disputed Ligitan Island will be included among the 18 topics, although the issue will not be officially discussed. Speaking to reporters, Izhar Ibrahim, head of the Indonesian delegation to the senior officials meeting, explained that the mechanism for settling the status of Ligitan Island will be based on the mutual decision made by the two countries during their meeting in Kuala Lumpur, Malaysia last year. The agreement was reached out of the desire expressed by the leaders of the two countries to see the Ligitan Island problem settled expeditiously so future generations will not face any burden in settling the issue.

Apart from the Ligitan Island issue, the issues of manpower, illegal workers, bilateral economic cooperation, and information will be discussed during the fourth joint commission meeting. Foreign Minister Ali Alatas is leading the Indonesian delegation to the fourth joint commission meeting while the Malaysians will be led by Foreign Minister Datuk Haji Abdullah Ahmad Badawi. [end recording]

Editorial on PRC's 'Tougher' Policies

BK0706012895 Jakarta KOMPAS in Indonesian 5 Jun 95 p 4

[Editorial: "Six Years After the Tiananmen Incident, China is Getting Tougher at Home and Abroad"]

[FBIS Translated Text] On 4 June yesterday, the world commemorated the crackdown on the pro-democracy movement at Tiananmen Square, Beijing. Six years have passed since the incident, which has been condemned by the West and pro-democracy activists in various parts of the world, took place. Now, some Chinese are sticking to the demands — democracy and dignity — that were issued six years ago. On the other hand, the Chinese communist regime, which Jim Hoagland [INTERNATIONAL HERALD TRIBUNE, 3-4 June] says is decomposing [preceding word in English], seems to be getting tougher at home and abroad.

Various news reports on China, such as regarding its handling of the pro-democracy activists and its behavior in international relations, seem to support the aforementioned statement.

The REUTERS news agency reported yesterday that over 100 construction workers gathered at the Muxidi intersection in the western part of Beijing as part of various activities to commemorate the tragedy. The Army fired the first shot at this spot.

There is an impression that China continues to maintain tight control of its people as paramilitary forces checked young people, probably thought to be students, who wanted to commemorate the event yesterday. Students, who reportedly planned to take to the streets this year, in fact dared not to do so.

One thing is sure: China has changed a lot compared with six years ago. Economic development has transformed the Chinese people into a society that is crazy about business activities. At Tiananmen Square yesterday, some souvenir vendors offered pictures to tourists who wanted to know where Mao Zedong proclaimed the PRC in 1949.

As Jeffrey Parker from REUTERS wrote in Beijing, economic progress has dimmed the people's remembrance of the tragedy that took place six years ago. Many students have now said that they will be more interested in highly-paid jobs after their graduation instead of sacrificing their careers for pro-democracy parades or petitions.

The market oriented economic reforms launched by supreme leader Deng Xiaoping have led to double digit economic growth and multiplied the incomes of urban residents. However, inflation and corruption, which are now increasing, became the main cause of the student unrest in 1989.

Six years later, students at the elite Beijing University last Saturday were reported by the official XINHUA news agency to be fondly watching comedies, dancing in a disco, or playing guitars.

A 24-hour hunger strike by Chen Zimin was seen as a serious activity marking the Tiananmen incident. This leading dissident, who is now staying at home for medical care after serving a 13-year jail term for inciting the 1989 demonstrations, has called for the release of 20 dissidents [sentence as received]. He has also demanded that former CPC chief Zhao Ziyang, who is isolated for allegedly supporting the student demonstrations and is virtually under house arrest, be released and his civil rights be restored. Chen also demanded that dissident Wei Jingsheng be released.

The Tiananmen incident was also commemorated in San Francisco, where 15 pro-democracy Chinese activists and supporters conducted a 24-hour fasting in protest of the Chinese Government's crackdown on political dissidents.

"4 June" is synonymous with "death" for many Chinese and for practically every Beijing resident. "For us Beijing residents, 4 June was a crime that the government should admit one day. We, the Chinese, are in fact patient, but a day of judgment will come," Jane McCartney

of REUTERS Beijing quoted a businesswoman, who is usually not interested in politics, as saying yesterday.

Chinese communist leaders may be more vigilant than ordinary Beijing residents against any possible judgment. An analyst said that the 4 June incident could serve as a weapon for anybody courageous enough to take charge and retaliate, and that such a person could win a power struggle.

If the 4 June incident remains a ghost that could reemerge against the government at home, the incident is used abroad to assess China's behavior in international relations.

One thing is clearly observed: China seems to be adopting bolder policies due to its economic growth. The United States is the first to feel that China is becoming more intransigent. For example, China has responded to the issuance of a U.S. visa to Taiwan leader Lee Teng-hui, which the United States regards as but a courtesy, with a series of measures, ranging from the cancelation of its participation in U.S. sponsored talks on guided missiles to the revocation of military contracts that the Clinton administration hoped would encourage China to become responsible in international relations.

The Asia-Pacific region has become uneasy over China's aggressiveness in the Spratly islands, all of which it claims. The unease is becoming more founded because of China's efforts to strengthen its armed forces, ranging from the procurement of sophisticated fighters to the strengthening of its nuclear weapons.

On the one hand, there has been a sigh of relief after the United States said that it would not stay idle if there were a conflict in the Spratlys. On the other, this has strengthened the impression that the Asia-Pacific region, which is frequently said to be the fastest growing region in the world, in fact has seeds of potential instability. We have to say that China is primarily responsible for the new developments.

Finally, we need to reaffirm that the 4 June incident that took place six years ago is purely an internal Chinese affair that no one else should interfere with. However, the repercussions of the incident at home and abroad have become a lesson for many countries. In addition, the incident has partly led to the emergence of present day China, which is ruled by a regime that tends to adopt a hardline stance, if not, a regime that is insensitive to its international surroundings.

Editorial Views Talks on APEC

BK0706030695 Jakarta KOMPAS in Indonesian
3 Jun 95 p 4

[Editorial: "The Efforts by Prime Minister Goh Chok Tong and President Suharto To Prevent APEC from Becoming Stagnant" — passages within slantlines in English]

[FBIS Translated Text] Singapore Prime Minister Goh Chok Tong recently made a working visit to Indonesia — as used to be done annually. During the visit he met with President Suharto to discuss several bilateral, regional, and international issues. From our observation, bilateral relations between the Republic of Indonesia and Singapore are very cordial.

It is the national goal of Singapore, a very small island/city state, to give priority to the "survival" of its nation and people. It also deems it important to maintain good relations with big neighboring countries, especially Indonesia.

As a country that gives priority to survival, we can understand why Singapore's military force is stationed in the southern part of the island, in close proximity to Indonesia, to face any unexpected eventualities. The AWACS [Airborne Warning and Control System] and Singapore anti-air defense system will theoretically be able to deter any threats.

Singapore is also one of the countries in Southeast Asia that is confident about the need for a U.S. military presence in the region to guarantee economic growth. It is hoped that the guaranteed security will trigger economic growth in the region, and pave the way for the creation of an Asia-Pacific /era/ that is most prosperous in the world. Indonesia and Singapore have succeeded in realizing some of these ideas through the Sijori [Singapore, Johor, Indonesia] development project.

One of the issues discussed at the meeting between the two leaders was the follow up to the decisions adopted in the Bogor Declaration in November 1994. The APEC [Asia-Pacific Economic Ministers]-AELM [APEC Economic Leaders Meeting] in Osaka, Japan in November 1995 is expected to agree on a blueprint that contains a /plan of action/ for the adoption of free trade in the region by 2020.

Prime Minister Goh said that the Japanese Government, as host to the upcoming APEC-AELM, might not be "going full steam" to come up with the blueprint or a /plan of action/ to move towards trade liberalization in the Asia-Pacific. Prime Minister Goh believed that at this stage the Japanese have been very cautious in taking the first steps. Prime Minister Goh had also con-

veyed his concern over the matter to President Suharto, who agreed that Japan was slow in implementing the decisions taken at Bogor.

We agree with what Prime Minister Goh said, that is, if the upcoming AELM in Osaka fails to come up with a blueprint for the creation of trade liberalization in the Asia-Pacific, the AELMs in Seattle (United States) and Bogor will have to be seen as failures too. These latter meetings only produced visionary statements. This is the first time the leader of the APEC member country, Prime Minister Goh, has openly admitted that there is a serious problem in the preparations for the next AELM in Osaka in November 1995.

It is worrisome to see the Japanese attitude, which has somewhat deviated from the determination of the Bogor Declaration. As a result, Prime Minister Goh is right in calling on all APEC member countries, including Indonesia, to take clear steps toward trade liberalization. Prime Minister Goh said that he planned to visit several APEC key-member countries, including Japan, to urge them to immediately come up with a blueprint for the creation of trade liberalization in the Asia-Pacific.

In our opinion, Indonesia, being the host country that produced the Bogor Declaration, should not stay idle when APEC is stagnant.

Prime minister Goh has also informed President Suharto about the planned meeting between leaders of the European Union (EU) and Asian countries in Bangkok in March or April 1996. The Asian leaders expected to attend the meeting are those from the six ASEAN member countries, including Vietnam, which will formally join ASEAN this year; China; Japan; and South Korea.

The main objective of the EU-Asia meeting is to promote economic and political cooperation between the two continents. If the Asian and American continents have united through the APEC forum, the EU-Asia meeting is the logical consequence of a new international economic direction, that is, the tendency for all countries to wish for the creation of a /free trade area (FTA)/, regardless of any excuse they may have to the contrary.

To add to everyone's interest, over the past six months, Canadian Prime Minister Jean Chretien and several European leaders have been campaigning for another /FTA/ under the name of the /Atlantic FTA/, involving North America and Europe. The program of the /Atlantic FTA/ is, among other things, to abolish subsidies and tariffs on agricultural products and in the aviation industry.

The phenomenon of intra-regional cooperation, either within APEC, or the EU-Asia meeting, or the /Atlantic

FTA/, had been projected in the talks between Prime Minister Goh and President Suharto.

Philippines

Arrangement Signed To Settle Iraqi Claims

BK0706085295 Manila MANILA BULLETIN
in English 4 Jun 95 p B-1

[FBIS Transcribed Text] The Philippine Government has signed a debt-for-goods arrangement with the Iraqi Government for the settlement of the claim of Iraq from the Philippine National Construction Corporation (PNCC).

Acting Finance Secretary Romeo Bernardo, who signed on behalf of the Philippine Government, explained that the agreement provides for the delivery of some \$20 million worth of sugar, coconut oil and medical supplies by the Philippines to Iraq.

The accord serves a settlement for some \$39 million worth of PNCC-related obligations to the Iraqi government.

Bernardo said that state-controlled Philippine National Bank (PNB) has been tapped to advance the necessary peso requirements for the purchase of the goods.

The national government, in exchange for PNB's services will, in turn, award to the bank a five year Treasury Notes at equivalent amount.

On the other hand, PNCC will issue a corresponding promissory note to the Department of Finance/Bureau of Treasury for the same amount, representing its repayment of national government's settlement of its obligation to Iraq.

According to Bernardo, the implementation of the RP [Republic of the Philippines]-Iraq debt-for-goods agreement allows the national government to reduce its debt at almost 50 percent discount.

It will also boost the growth of the Philippine exports and strengthens further the country's good relations with the Iraqi Government, he said.

Japan Grants 1.3 Billion Pesos Aid to Manila

BK0506093895 Manila MANILA STANDARD
in English 1 Jun 95 p 4

[Report by Merlinda Manalo]

[FBIS Transcribed Text] Japan yesterday formally extended some P[pesos]1.3 billion in aid to the Philippines to finance infrastructure and cultural projects in Luzon and Mindanao.

The aid package was formalized in an agreement signed by Acting Foreign Secretary Domingo Siazon

and Japanese Ambassador to the Philippines Yoshifumi Matsuda at the Department of Foreign Affairs office yesterday.

The Japanese grant, the first for this year, will include the construction of 38 bridges in Mindanao and the upgrading of facilities in pesticide analysis laboratories in Bicol, Davao, Baguio, Cebu, and Cagayan de Oro. The two projects would cost a total P1.1 billion.

Some P163 million of the aid package will go to the repair of irrigation systems in the Dipalo River in Pangasinan, which is expected to increase the productivity of some 3,000 hectares of farmland and benefit over 12,000 farmers in the province.

A P12-million cultural grant will be turned over to the Bicol University to improve the teaching standards in the institution.

The signing of the agreement was Siazon's first official act with the Japanese Government since he assumed his post last May 1. Siazon was the country's former ambassador to Japan.

"It is truly significant that we now have a foreign secretary who really understands Japan and is a close personal friend of many Japanese, especially taking into account the fact that we are now facing such a crucial juncture in the economic development of the Philippines and the consolidation of our bilateral relations," Matsuda said during the signing ceremonies.

Siazon, on his part, noted that the Philippines could not have attained its economic growth levels during the past three years without Japan's support.

Japan has been the largest source of official development assistance (ODA) for the Philippines since 1991.

The Philippines ranks third, next to Indonesia and China, as the largest recipient of Japanese aid.

Senate Elections Results Detailed

BK0706055395

[FBIS Editorial Report] Quezon City Radio Filipinas in English at 0230 GMT on 7 June carries several reports on the final outcome of the 8 May senatorial elections and the proclamation of winners.

In a one-minute report, the radio says: "The Commission on Elections, setting a record 23 days of official canvassing of votes, yesterday formally proclaimed the 12 winning senatorial candidates in the 8 May election." The 12 winners included nine administration allies and three opposition candidates, "which means that "the Lakas-Laban [political parties] coalition will now take the majority in the 24-member Senate."

The named winners are: Gloria Macapagal-Arroyo, Raul Rocco, Ramon Magsaysay Jr., Franklin Drilon, Juan Flavio, Miriam Defensor-Santiago, Sergio Osmeña III, Francisco Tatad, Gregorio Honasan, Marcelo Fernan, Juan Ponce Enrile, and Anna Dominique Coseteng.

The report observes that "with the election of Macapagal-Arroyo, Santiago, and Coseteng, there are now four women senators," including Senate President Pro Tempore Leticia Ramos-Shahani.

A separate one-minute report relates the reaction of President Ramos to the proclamation of winners: "President Fidel Ramos has expressed satisfaction over the 9-3 results of the Senate race in the 8 May elections. Executive Secretary Ruben Torres said the chief executive has accepted voters' verdict because the people had spoken."

The report adds: "The government expects the opposition senators to be happy in the role of fiscalizers in 10th Congress — that it will enrich the passage of legislations — and Malacanang welcomes their participation."

Nine Ramos Allies, Three Opponents Win Seats

BK0606112595 Hong Kong AFP in English
1110 GMT 6 Jun 95

[FBIS Transcribed Text] Manila, June 6 (AFP) — Nine allies of Philippine President Fidel Ramos, and three foes, were Tuesday proclaimed winners of the May 8 Senate vote, ensuring solid congressional support during the last three years of his term.

The state Commission on Elections (Comelec) ended a 28-day manual vote count with the proclamation and an exhortation for the new senators to pass new laws to fix the technical imperfections of electoral process in southeast Asia's lone US-style democracy.

The 12 new senators, who won six-year terms, join 11 other Ramos allies and a lone opposition man in the 24-seat Senate.

Winners for the 200-seat House of Representatives, in which the pro-Ramos coalition regained a comfortable majority, were proclaimed much earlier.

The large pro-Ramos majority, which validated the results of most preelection surveys, should ensure that opponents will lack support in overriding Ramos.

The Senate has traditionally been influential in shaping national and foreign policy, but it is also notorious for its filibusters and its independent bent, shown when it kicked out major US military bases from the Philippines in 1992.

The winners are led by Ramos supporter and economist Gloria Macapagal Arroyo, who pledged in a vic-

tory statement to "continue to promote macroeconomic reforms towards the deregulation and liberalization in the conduct of trade and business transactions in the country."

The new Senate will also include three prominent Ramos foes: his bitter 1992 presidential election rival Miriam Santiago, cashiered Army colonel and coup plotter Gregorio "Gringo" Honasan, and Anna Dominique Coseteng.

On top of the administration's legislative agenda is tax reform, designed to eliminate a regressive revenue system which is seen to have spawned legions of tax cheats and caused chronic deficits.

Senate President Edgardo Angara said Monday that the new Senate would focus on "fiscal solidity and strength" with reform measures aimed at simplifying the tax system and enlarging the revenue base.

Jose Luis Yulo, president of the Philippine Chamber of Commerce and Industry, said the Ramos win "further strengthened the country's political stability and inspired confidence in the country's ability to sustain growth."

He predicted 6.5 to seven percent gross national product (GNP) growth this year "in the light of present trends characterized by a continuing capital inflow, improved public finances, political stability and low inflation."

"We can confidently say that in spite of the residual imperfections, the last election was fair, peaceful and credible," Comelec chairman Bernardo Pardo said.

The losers in the senatorial race include three Ramos allies and the son of the late Philippine dictator Ferdinand Marcos, also named Ferdinand, who has alleged widespread fraud and has protested against the results.

Ramos, who campaigned hard for a 12-0 sweep and dropped his foreign and labor secretaries from his cabinet to ensure election victory amid a controversy over the hanging in March of a Filipina maid in Singapore, accepted the result, Executive Secretary Ruben Torres said.

"That's the decision of the people done through the democratic process. He respects that process," Torres added.

Comelec commissioner Remedios Fernando said the watchdog body has ordered a probe into allegations of vote-switching and other irregularities, but that this did not prevent the proclamations.

GNP Reportedly Grows in First Quarter

*BK0706084695 Manila MANILA BULLETIN
in English 3 Jun 95 p B-1*

[Report by Delfin Perez and Fil C. Sionil]

[FBIS Transcribed Text] The country's economy, as measured by the Gross National Product (GNP), grew by 5.2 percent in real terms during the first quarter of 1995 compared to the 4.72 percent registered in the same period last year, the National Economic and Development Authority (NEDA) reported yesterday.

Socio-Economic and Planning Secretary Cielito F. Habito said the robust industrial activity as well as the strong services sector largely bolstered the economy during the quarter.

NEDA reported that the strong showing of the major economic sectors translated to a 4.78 percent growth in the Gross Domestic Product (GDP) during the first quarter from 3.62 percent in the comparative period last year.

Industry led other major sectors with a 7.2 percent increase, contributing more than 50 percent of the expansion in domestic output during the quarter. This was slightly better than the 7.0 percent growth registered by the industry in the first quarter last year.

The manufacturing sub-sector according to the NEDA report, rose by 6.6 percent from 5.5 percent. The expansion was mainly stimulated by the lower interest rates, moderate price increases, and generally improved domestic demand, Habito said.

Agriculture, on the other hand, reversed last year's 0.7 percent contraction, although it expanded by a measly 1.6 percent in view of the drought.

Habito said the effects of the drought were felt by the palay [rice] sub-sector, which registered a 0.3 percent decline in output.

Corn production managed to recover, posting a 6.8 percent improvement from last year's 4.9 percent, including other crops (6.44 percent), livestock (5.68 percent), and agricultural services (4.55 percent).

During the quarter, the services also further gained momentum as it grew by 4.7 percent from last year's 3.6 percent. Transport, communication, and storage sub-sector, which surged by 7.01 percent, propelled the sector's growth.

On the expenditure side, investments and exports continued to post double-digit growth rates, as private consumer spending gained steam.

Investments grew by 13.5 percent, although slower than last year's level of 15 percent.

As contained in the NEDA report, the fixed capital formation went up by 12.7 percent from last year's 11.6 percent mainly because of stepped-up investments on durable equipment, breeding stock and orchard development, and construction.

Private consumer spending likewise grew by 4.3 percent, better than last year's 3.6 percent.

Exports similarly fueled the economic growth during the quarter, expanding by 14.4 percent as both exports of goods and non-factor services soared.

Navy Chief Unveils Modernization Program

*BK0706084995 Manila MANILA STANDARD
in English 5 Jun 95 p 2*

[FBIS Transcribed Text] Rear Adm. Pio P. Carranza, Philippine Navy [PN] flag officer in command, has unveiled the Navy's 15-year modernization program that calls for acquisition of over 70 new ships costing P [pesos] 137.2 billion.

A number of these vessels will be equipped with missiles.

President Ramos has signed Republic Act No. 7898 that paves the way for modernization not only of the Navy but the whole Armed Forces of the Philippines (AFP).

The first phase of the program will involve the acquisition of more than 30 vessels with about half of them to be equipped with short range surface-to-surface missiles.

According to Carranza, 13 of the patrol craft will be acquired during the first five years of the modernization scheme.

Also during the first phase, PN will buy two multi-purpose helicopters and one amphibian aircraft to enhance its patrol in the Kalayaan Island Group (KIG) which is part of Philippine territory.

The infusion of offshore patrol vessels and two Corvette-type gunboats will further give PN more muscles in its fleet.

The first five-years of its program will also revive PN's mine warfare capability with the acquisition of one mine counter sure [as published] vessel.

For many years now, PN's mine warfare capability was virtually nil after it decommissioned all its minesweepers due to old age.

Thailand

U.S. Seeks Extradition of Drug Suspects

BK0706030395 Bangkok BANGKOK POST
in English 7 Jun 95 p 8

[FBIS Transcribed Excerpt] The United States has repeated its call for Thailand to extradite Khun Sa's top 10 associates, arrested last year, to face drug trafficking charges in a US court, Acting Foreign Minister Surin Phitsuwan said yesterday.

The call was made at a meeting between Mr Surin and US Assistant Secretary of State for International Narcotics and Law Enforcement Affairs Robert Gelbard.

Mr Surin said the Interior Ministry, responsible for the case, was still checking the nationality of the suspects whether their Thai identification cards were fake and how they were obtained.

Of the 10 held last November in separate raids in Bangkok, Mae Hong Son, Chiang Mai, and Chiang Rai by Thai police, two are confirmed Chinese, two have unclear nationality while the others are still being questioned.

The arrest was made at the request of the US.

Mr Surin said the courts would rule on the nationality of the suspects.

"If they are proven not to be Thai nationals and have acted against Thailand's national security, we are ready to revoke their passports and will extradite them immediately," he said. [passage omitted on U.S. official's remarks]

Mr Surin said he told Mr Gelbard that Thailand's next government would proceed with a law against money-laundering.

Mr Gelbard leaves for Cambodia tomorrow.

Court Defers Ruling on Thanong Extradition

BK0706033695 Bangkok THE NATION in English
7 Jun 95 p A3

[FBIS Transcribed Text] The Criminal Court yesterday deferred a ruling until July 6 on a request to extradite former MP Thanong Siriprichaphong to the United States to face charges of smuggling 45 tonnes of marijuana into that country from 1973-1987.

The decision came after a court hearing in which Thanong gave a lengthy and detailed account about his private life during his early business years, after graduating from a teacher training college in Udon Thani province.

The former Chat Thai MP from Nakhon Phanom Province rejected all the US charges which included trafficking, conspiracy and operating a continuing criminal enterprise between 1973 and 1987. The US indictment said Thanong helped smuggle 45 tonnes of marijuana into the country for which he was paid more than US\$13 million (Bt [baht] 325 million).

Thanong, who was accompanied by about 100 supporters, told the court that he has never committed any drug-related crimes either in the US or in Thailand, and that he had earned his living lawfully.

He claimed that the seizure of his million-dollar Beverly Hills home and a Mercedes-Benz was due to his failure to pay back bank loans and not because they were bought with drug money as suggested by the US government.

The former law maker told the court that the state prosecutors has no right to ask the court to extradite him citing the Thai Foreign Ministry as saying it was against the extradition of Thai citizens to face criminal charges in the US.

Thanong said he had travelled to the US about 10 times, each trip varying in length, with the longest being four months. He had bought the German automobile in 1988 from JT Leasing Co through a person named James. The ex-politician denied having any knowledge about James being arrested on drug charges and that the leasing company was a money laundering entity.

Thanong later told reporters that he had not yet decided whether to contest in the July 2 general election, saying that he has yet to find out the media's opinion on the issue.

"If they (media) supports me then I will submit an application to rejoin the Chat Thai Party. It only needs a signature," he said.

Central Bank Cites Drop in Foreign Investment

BK0706071895 Bangkok BUSINESS DAY in English
7 Jun 95 p 1

[FBIS Transcribed Text] The Bank of Thailand (BOT) has reported that net direct foreign investment in Thailand in 1994 was 12 billion baht, a 7 percent drop from 1993.

The BOT report indicated that most of the fall was due to a reduction in inter-company borrowings which showed net payments of 11 billion baht while capital investment was 22 billion baht, down 3 percent from 1993.

On a sector basis, the decline registered most heavily in the financial sector. For the country of origin, Japan

relinquished its first place position as Thailand's greatest source of investment funds to Hong Kong, the report said. Japan moved into second place followed by the US, the European Union and Taiwan.

The BOT cites unstable economic conditions in Japan as the primary reason for the decline in net foreign investment in Thailand.

Foreign investors also preferred to invest in economies with larger domestic markets and higher profit potential, the report added.

Delays in major public works projects in Thailand also curtailed the flow of foreign investments, the BOT said.

The establishment of the Bangkok International Banking Facility (BIBF) also adversely affected the net balance in direct foreign investment, because Thailand's companies rushed to pay off loans to foreign lenders to borrow from BIBF instead.

As for future trends, the BOT points to the fact that in 1994 the number of applications by Japanese companies to the Board of Investment (BOI) increased three-fold compared to 1993.

As a result, expectations of an increase in foreign investment in 1995-1996 seem logical, the bank report said.

However, it added that investment projects are generally smaller in terms of allocated funds, as the projects are mainly in the areas of capital expansion and technology transfer.

In conclusion, the study states that Thailand must continue to remove obstacles to foreign investments.

Government To Institute Countertrade Measures

*BK0706071795 Bangkok THAILAND TIMES
in English 7 Jun 95 p A1*

[FBIS Transcribed Text] Bangkok — Government spokesman Akkharaphon Sorasuchat yesterday said the Cabinet has decided to implement the use of countertrade for every agency transaction worth more than 500 million baht. However, this will exclude the Defense Ministry whose market will be one billion baht.

According to the decision, countertrade will be used as a measure to reduce the trade deficit and strengthen bargaining power with co-trader countries.

The counter purchase requirement will start at 20-25 percent of the purchased value for investment in technological, research and study projects.

Akkharaphon quoted the cabinet as saying, "countertrade for foreign loans is prohibited."

A government agency whose projects fall within the outlined levels will have to inform the countertrade sub-committee who will then invite and choose foreign companies to tender their bidding on the project. All bidding companies are required to clarify their conditions and proposals in a letter of undertaking form.

The government agency and chosen company must then inform the Commerce Ministry at least one month prior to the final contract signing, to open countertrade negotiations.

After the issue is finalized and the contract is signed, payment will be made through a letter of credit (L/C) or by credit.

Akkharaphon noted that despite the higher market for the Defense Ministry it could apply for countertrade if an appropriate project with lower costs is presented.

Defense Minister Gen Wichit Sukmak commented the amount for countertrade was high for his ministry correlating with the high price of weapons.

Deputy Commerce Minister Chaiyot Sasomsap said the government department would be responsible for informing both the foreign company and the Commerce Ministry that countertrade would be used to prevent any problems.

Vietnam

Army Paper Views Human Rights

*BK0706021095 Hanoi Voice of Vietnam Network
in Vietnamese 1430 GMT 5 Jun 95*

[5 June QUAN DOI NHAN DAN article by Quang Loi: "Human Rights: a Precious Tree and the Soil To Grow it in"]

[FBIS Translated Text] The ways in which the human rights offensive of the Western countries has been intensified have caused many people to worry that this issue could be the greatest source of ideological and cultural conflict in decades to come. People have come to realize more and more clearly that human rights is not only a temporary goal but also a long term national policy and that apart from being part of an overall strategy, human rights is by itself a strategy devised by individuals who assume the role of world leader.

More than two years ago, when announcing the expansion strategy, which constitutes a fundamental U.S. strategy adjustment for the post Cold War era, the President of the United States made it known that the democracy and human rights offensive combined with the market economy constitutes the heart and soul of U.S. foreign policy. Unlike the other weapons that have proved

to be ineffective during several decades of the Cold War era, the ideological offensive is considered to be a highly destructive weapon directed at the last strongholds.

One must admit the fact that there are hardly any other fields in which Western countries have made more persistent and valiant efforts than in that of human rights. They seem to realize that it is their duty to show the way and open the eyes of people in the developing countries so the latter may perceive human rights in the same way they do. They say the following: Because human rights yield fragrant flowers and sweet-smelling fruit, one must struggle to get them. They spare no money and make personal efforts to organize countless seminars, conferences, roundtable debates, and meetings to exchange views on human rights. In particular, they help organizations in exile overseas with the aforementioned activities. They also make very active preparations for delegations at all levels and comprising people of all walks of life to tour countries they consider to be human rights deserts to investigate human rights violations. Though they are skilled players of the human rights game, the majority of members of those delegations sometimes cannot avoid adopting a dictatorial, arrogant, or haughty attitude toward the countries where they come and give lessons, even toward the leaders of these nations. People can hardly avoid having the impression that those who draft the world agenda actually assume the role of international gendarmerie on the human rights front.

Human rights is not a forbidden thing. Because it is mankind's eternal aspiration, human rights has drawn everyone's concern and will continue to do so as long as human society exists. The reason is because, in the final analysis, nowhere in the world, even in the most civilized countries, can people claim that they enjoy full human rights. Nowadays, in the United States, as many as 60 million people still live below the poverty line, six million people are homeless, and as much as half of the total assets of society belongs to 50 percent of the population. It is for this very reason that long-term efforts are still needed worldwide to struggle for full human rights.

What is worth noting here is the human rights concept and the ways a number of countries stubbornly want to help other nations with human rights. How can small and weak nations have their own rights if they become victims of aggression, oppression, annexation, deprivation, or discrimination? If a nation is deprived of its fundamental rights, namely, independence and national sovereignty, how can the people of that country enjoy human rights and who guarantees those rights for them? Can it be that human rights are bound up with the absolute freedoms of the individual, which actually

only belong to a group of people who are praised to the skies and enjoy the right to lead a plentiful life, whereas billions of their fellow men languish in hunger and poverty and are left to die of starvation? If a nation is enslaved and its people lose their freedoms, how can people have absolute individual freedoms?

The international conference on human rights held in Vienna in 1993 with the participation of representatives of hundreds of countries solemnly declared that human rights has both a global and particular character. The complex, delicate, and sensitive character of the current issue of human rights can be found in the answer to that problem that contains two seemingly contradictory elements.

Some notions are as obvious as the truth itself. Yet, viewed from a complicated political angle, those notions are still interpreted and applied very differently, if not to say, very contradictorily at times. Therefore, it is our belief that those notions should be explained one more time. The global character here should be interpreted as a human character. This means that there are common values acceptable to all countries and peoples in the world regardless of their political systems, religions, ethnic origins, and levels of development. Those common values consist, first of all, of the rights of all countries and peoples to live in independence, liberty, and equality among themselves.

First, the precious fruit they see is the maintenance of peace, respect for national sovereignty, and other necessary conditions for development. Also, common values include the rights of individuals to develop harmoniously in a social order established in accordance with general criteria and to enjoy the material and spiritual common values of mankind that are suitable for the objective conditions of the community in which those individuals reside. Here, it is necessary to point out a regrettable mistake, or to be more precise, the authoritarian imposition of the Western countries. They consider the common Western cultural values as a whole; as soon as somebody does something that goes against their belief, they immediately bring in a judgmental verdict of human rights violations. It seems that they either do not know or try to ignore the fact that human rights cannot be separated from historical, geographical, and cultural conditions and the development level of different countries and peoples. A faithful follower of Jesus Christ cherishes different spiritual values from those of a disciple of Allah. A Somali citizen living in his blistering desert would not be able to dream about the material conditions of an American. On one occasion, when questioned about human rights, Prime Minister Li Peng affirmed that in the case of China, to provide enough food for 1.2 billion

people should be considered the greatest achievement in protecting human rights. When an American citizen vandalized a wall in Singapore and was flogged 50 times [figure as heard] by local law enforcers, the event was considered by the Americans as a violation of human rights, while Singaporeans held that it would have been a human rights violation for others should the young man have escaped his punishment.

The democracy and human rights offensive carried out by the Western countries during the Cold War was aimed at drilling holes in the brain and hearts of socialist countries, thereby damaging the regimes from within. Nowadays, the offensive still bears its ideological character for the remaining socialist countries including Vietnam. Nourished by international reactionary forces, the Vietnamese reactionary forces overseas still cling to their lunatic dream of recapturing state power, together with some other traitors who are supported by foreign forces to act against their fatherland and people. In their servile position, they are merely puppets in the game of human rights played by Western countries, though on commemoration days such as the recent one on 30 April, they were fervently received and praised, and were invited to deliver speeches and to give interviews, in which they had chances to smear the image of their own country.

It is the method of seasonal cooperation in accordance with the demands of propaganda. One side needs loudspeakers while the other needs dollars. We can affirm that the Western countries are trying to make human rights a new form of conflict in terms of culture and ideology. It is beginning to appear as a serious confrontation between the West and the East, bearing the typical characteristic of a new cold peace after the Cold War.

We do not deny that Western cultures have many material and spiritual values that deserve respect. Some of these values have been inherited worldwide since they are accepted universal values. However, it is impossible to demand that all Western cultural values be imposed on the East or on the world in general. A plant, however precious it is, should be grown in suitable soil, otherwise the fruit it gives will be poisonous. Moreover, not all Western cultural values are cherished by all Westerners. Some Western cultural and social researchers hold that if the current Western society continue its trend of worshipping individual freedom and ignoring the bond between the individual, the family, and society, extremism and stalemate will prevail. The same researchers also find in Eastern society the answer for contemporary society. They hold that the trend of the West looking to the East is becoming ever stronger.

While the reactionary forces loudly voice their accusation of human rights violations in Vietnam, many people have confirmed, after visiting Vietnam, that they have had wrong notions about the human rights issue in Vietnam due to the distorted information they had received before they came. These people confirmed that the Vietnamese Government is endeavoring to improve both the material and the spiritual life of the people, and that Vietnamese society is an open society.

With our pragmatic thinking we can proudly say that we know how to nurture a culture based on independence and freedom that serves the basic rights of living with dignity as an independent people and pursuing freedom, prosperity, and happiness.

The greatest human right aspiration of the people of Vietnam is independence, for which our people had to carry out fierce resistance against foreign aggression and for which they sacrificed millions of lives this century. And during the periods of resistance we always tried to do everything possible for the people to enable them to enjoy the ever improving material and spiritual values. Such a people will certainly know how to evaluate, respect, and fight for the noblest values of mankind.

'Sources' Report Settlement of Gulf Conflict

BK0706025795 Bangkok BANGKOK POST
in English 7 Jun 95 p.3

[Report by Suphaphon Kanwerayothin in Hanoi]

[FBIS Transcribed Text] Vietnam and Thailand yesterday agreed on a settlement of last Wednesday's [31 May] armed conflict in the Gulf of Thailand, political sources said yesterday.

As a result of the agreement between acting Foreign Minister Surin Pitsuwan and Vietnamese Deputy Foreign Minister Vu Khoan, the two sides will work out details for Vietnam to release five Thai trawlers with 61 crew and the body of one Thai kept in the southernmost province of Minh Hai since the clash.

Thailand will also release a wounded Vietnamese border guard and the bodies of his two colleagues who died during last Wednesday's shootout between Thai navy vessel Khlong Yai and the Vietnamese Interior Ministry's patrol forces in the Gulf.

Mr Surin's letter to Mr Vu Khoan reached Hanoi yesterday. The two ministers chair the Joint Committee on Fisheries and Sea Order which held its first meeting in Phuket in March.

The solution is based on an agreement reached by Thailand and Vietnam at the meeting to avoid use of

force in any disputes over the overlapping zone and that fishing in the area is not a crime.

A Vietnamese Foreign Ministry spokesman could not confirm the settlement report and stated "both sides are continuing efforts to quickly resolve the matter".

The settlement was believed to have emerged from consultations in Ho Chi Minh City, where Thai and Vietnamese officials opened talks on Monday on demarcation of the Gulf.

Sources stressed it is not "a prisoner exchange agreement or amnesty" in the absence of verification of where the clash took place.

Vietnam said the incident occurred in its waters, while Thailand produced evidence that the scene is in an area where claims overlap.

Thai and Vietnamese officials are expected to proceed promptly with details to speed up the agreement, "so that this can soon be over". No date for the release has been fixed.

Since the start of this year, Hanoi has told its southern provincial authorities to refrain from netting Thai trawlers from overlapping areas, with a view to create a good climate for Vietnam's ASEAN membership next month.

Mr Surin said in Bangkok that Thailand and Vietnam were communicating at "ministerial" level and in a "good atmosphere" to tackle the problem.

He did not elaborate but said he was optimistic the problem could be overcome in the spirit of the agreement in Phuket and of ASEAN prior to the entry of Vietnam.

Hanoi Reports Repatriation of American Remains

*BK0706103895 Hanoi Voice of Vietnam in English
1000 GMT 7 May 95*

[FBIS Transcribed Text] An American guard of honor solemnly carried six coffins holding what are believed to be the remains of U.S. servicemen killed during the Vietnam war onto a plane at Hanoi Airport on Tuesday.

The repatriation ceremony brought to 201 the number of remains of possible war dead returned to the United States since the two countries began regular joint battlefield excavation since 1992. The field searches are part of the Vietnam-U.S. efforts to clarify the fate of 2,204 U.S. servicemen still listed as missing in action from the war.

Vo Van Kiet Arrives in Finland

*BK0606141395 Hanoi Voice of Vietnam Network
in Vietnamese 1430 GMT 5 Jun 95*

[FBIS Translated Text] On 4 June Prime Minister Vo Van Kiet, his wife, and the Vietnamese Government delegation arrived in Lapland to begin an official visit to the Republic of Finland. The prime minister visited a number of economic, cultural, and forestry establishments in the Lapland cities of (Rosan) and (Imeny).

This morning Vo Van Kiet and his entourage flew to Helsinki. On hand to welcome him at Helsinki International Airport was the Finnish prime minister.

Afterward Vo Van Kiet visited and laid a wreath at the unknown soldiers monument. He also met with the Finnish president and chairman of Parliament.

Activities, Meetings Reported

*BK0706043395 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 6 Jun 95*

[Report by Dinh Khai]

[FBIS Translated Text] Dear friends: yesterday on the second day of the visit to Finland, Prime Minister Vo Van Kiet, his wife, and other members of our government delegation came back from the northern province of (Lachlan) to the capital city of Helsinki. In the city, after laying a wreath at the memorial monument for unknown war heroes, Prime Minister Vo Van Kiet and his entourage were received by President Martti Ahtisaari and Parliament Chairwoman (Rita Vokulkainen), and held talks with a Finnish Government delegation led by Prime Minister Pavvo Lipponen.

Last night, Prime Minister Pavvo Lipponen hosted a solemn banquet for Prime Minister Vo Van Kiet and his entourage. The receptions, meetings, and banquet were held in an friendly and open spirit with the development of the friendly relations and cooperation between Finland and Vietnam in view.

Yesterday afternoon at the Parliament Hall, before receiving Prime Minister Vo Van Kiet and the delegation, the Parliament Chairwoman (Rita Vokulkainen), in answering our questions, affirmed the important significance of the visit by Prime Minister Vo Van Kiet. She held that Finland and Vietnam have had very fine relations, which would be further strengthened by this visit.

Finland has several projects that are in the process of being successfully implemented in Vietnam, one of them being the water supply system in Hanoi.

This is a good basis for the further development of new aid projects. Other areas in which Vietnam-Finland cooperation could develop are forestry and environmental protection.

Also yesterday afternoon at the Finnish Prime Minister's Office, Prime Minister Pavvo Lipponen gave us a short interview before meeting with Prime Minister Vo Van Kiet. Answering our question regarding the significance of Prime Minister Vo Van Kiet's visit to Finland and the friendly and cooperative relations between the two countries, Prime Minister Pavvo Lipponen said:

[Begin Lipponen recording in English fading into Vietnamese translation] Vietnam and Finland have very fine friendly relations. I hope that this visit can also give new emphasis to our bilateral relations so that we can engage in further cooperation. This is also the first high-ranking visit to Finland since Finland joined the EU. That is why in this visit, apart from bilateral issues, the two sides can also exchange views on strengthening Vietnam-EU relations. I think both countries have great potential to develop trade. Vietnam is developing fast, and we hope to participate in important projects in Vietnam such as sea ports, water supply systems, and so forth. At present, Finland is participating in developing the social infrastructure in Vietnam; and new potential for cooperation is developing in forestry. We can participate in the development of Vietnam's forestry. We are ready to share with Vietnam our experiences in both economics and technology. Of course, there are also other fields, and since we have high technology and large companies in telecommunications, we also have potential for cooperation and the transfer of technology and experience in this area. In my opinion, the development and cooperation aid to Vietnam from Finland and the Finland-Vietnam cooperative relations in past years have been relatively successful. I hope that the projects that have been implemented and are in the process of being implemented are useful to the Vietnamese people. The cooperation between us and the Vietnamese Government is also developing well. We are delighted about the cooperation. Of course, there have been inevitable problems in the implementation of decisions in relation to the projects. We will continue to work with the Vietnamese Government for the improvement of the situation. Generally speaking, the cooperation is a success. We hope that we will continue to give aid and cooperate in the economic field with Vietnam even though we are facing economic difficulties ourselves. [end Lipponen recording]

Dear friends, today is the last day of the official visit to the Republic of Finland. Prime Minister Vo Van Kiet and the delegation visited a number of economic establishments. The delegation paid special attention to

learning from the experiences of our friends in forestry and telecommunications.

Commentary Reviews Relations With Sweden

BK0606163195 Hanoi Voice of Vietnam in English
1000 GMT 6 Jun 95

[Station commentary]

[FBIS Transcribed Text] Prime Minister Vo Van Kiet on Tuesday [6 June] started his official visit to Sweden, the last leg of his visit to Northern Europe. Here is our radio editor's views:

According to the Swedish ambassador to Vietnam, Sweden as well as other Northern European countries attach great significance to the Vietnamese prime minister's visit. The prime minister has been accompanied by 20 representatives of Vietnamese state and private businesses. Mr. Vo Van Kiet will have important meetings with King Carl XVI Gustaf, Prime Minister Ingvar Carlsson, and Parliamentary President (Regitar).

The two sides will discuss a number of international issues, including the implementation of the renovation policy in Vietnam and economic and trade cooperation between Vietnam and Sweden.

In order to promote these cooperative relations, three important agreements will be signed. They are an agreement on the \$10-million aid given to Vietnam by Sweden and the World Bank for economic restructuring program in Vietnam, an agreement on cooperation for the reform of the legal system which valued at \$2 million, and an agreement on conditions and procedures for development cooperation. These agreements will promote bilateral relations. This is a further proof that Sweden has always been a strong friend of Vietnam and is prepared to share its experience with Vietnam to help it develop and prosper, the Swedish ambassador affirmed in Hanoi recently.

Commentary Reviews Relations With Netherlands

BK0606163895 Hanoi Voice of Vietnam in English
1000 GMT 6 Jun 95

[Station commentary]

[FBIS Transcribed Text] Holland Prime Minister Wim Kok and his wife will visit Vietnam from June 12-14 at the invitation of Vietnamese Prime Minister Vo Van Kiet and his wife. We now highlight some features in Vietnam-Holland relations.

It will be the first time a Dutch prime minister pays an official visit to Vietnam. He will be accompanied by senior officials from the Defense Ministry and a number

of businessmen. This shows that Holland and Vietnam both wish for the development of bilateral economic relations. During his visit to Vietnam, the Dutch prime minister will hold talks with Prime Minister Vo Van Kiet and other senior Vietnamese leaders.

Vietnam and Holland established official diplomatic relations in 1973. Despite many ups and downs, bilateral relations have made much progress. During the last few years, the two countries have exchanged many delegations. Deputy Prime Minister Phan Van Khai visited Holland early in 1995. The visit created political and economic conditions for the development of bilateral relations.

Holland is one of a number of countries that have written off Vietnam's debt. Both countries have reached an agreement on investment encouragement and protection, an agreement on aviation transportation, and an agreement on river and sea salvages. Holland is experienced in many areas of investment cooperation. The Dutch Government is very interested in infrastructure construction, including the construction of harbors and airports. Holland now ranks third in Western Europe and 10th in the world among investors in Vietnam. Its 14 projects are valued at \$394 million. In addition, the Dutch governmental and nongovernmental organizations have granted much assistance to Vietnam's health and education services. The hospital of Dong Ha township in Central Vietnam was built with Dutch assistance. It has carried out a number of programs against malaria, tuberculosis, leprosy, the extended program on immunization, and the program on safe water.

While helping the Amsterdam Secondary School in Hanoi, the Dutch Government has granted hundreds of scholarships for Vietnamese students to study in Holland. Two-way trade turnover between the two countries in 1994 reached \$55 million.

The visit to Vietnam of the Dutch prime minister will mark further development of bilateral relations. It will also create a chance for the promotion of multisided cooperation between the two countries, particularly in the economic, trade, and investment fields.

Ho Chi Minh City Prepares for Party Congress

BK0606153695 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 12 May 95 p 1,5

[Report by C.T.]

[FBIS Translated Text] On 11 May, the Ho Chi Minh City Party Committee [HCPP] held a conference to discuss preparatory measures for upcoming party congresses at all levels. Comrade Nguyen Ngoc An, mem-

ber of the HCPP Executive and Standing Committees, directed the conference.

Based on Directive 51-CT/TU of the party Central Committee on the organization of party congresses at all levels, the HCPP established the plan 07/KH-TU to define and provide guidelines on requirements, contents, and other work of the upcoming congresses.

At the conference, Comrade Pham Van Hung, chief of the HCPP Organization Department, emphatically outlined most important requirements and contents for all party congresses. They include the correct evaluation of the past situation, achievements, and weaknesses; the drawing of management experiences from past party committees; the clear definition of targets, duties, and practical measures for the next party committee; and the contribution of views to the drafts and documents of the national party congress and higher party congresses. The preparatory process of party congresses must help accelerating the implementation of the party committee's political duty, overfulfilling the 1995 targets and planning, and solving urgent party and people's problems. The review and outlining of targets and duties need to focus mainly on socioeconomic development, improvement of people's life, security and national defense, public motivation, and party building work. While planning programs of action, all party committees should concentrate on key issues to develop local and unitary potentials and strong points and set up practical measures to overcome current problems.

The HCPP plan provides relatively clear instructions on preparation of personnel (for party executive committees), including special emphasis on political and moral qualities outlined in the resolution No. 3 of the party Central Committee. Members of executive committees must be exemplary party members with sound political standards. They must be loyal to the socialist goals and ideology and have good work capacity and morality. They must be honest and enthusiastic with high fighting spirit and a good sense of unity and be able to motivate party cadres and members in the fight against negative phenomena and corruption. They must be trusted by other members and the public.

The plan also clearly states that to ensure good party standards, all executive committees must have a reasonable personnel structure (with increasing percentage of young and female members and members who are scientific and technical cadres). Regarding age groups, the party committees at the district and precinct level should ensure that the average age of executive members is around 40.

In the upcoming congresses, all party committees will elect delegates to attend higher congresses.

The HCPP plan outlines the timing for party congresses in the entire city as follows: the grassroots congress (for one day) will start in June and end in September; the congress of the district, precinct, and higher-than-grassroots level (two to three days) will start in November and end in late December; and the sixth city congress will be held in the middle of March 1996.

To satisfactorily prepare for upcoming congresses, at the conference, the HCPP also provided guidance on some important issues to implement the party control work, analyze the work performance of basic party organizations, and prepare personnel and delegates for the party congress of the district, precinct, and higher than grassroots level.

State Bank Opens Treasury Bill Market

BK0706080495 Hanoi VNA in English
0639 GMT 7 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 7. — A treasury bill market was opened here yesterday by the Vietnam State Bank.

The opening ceremony of the first treasury bill market was organized at the head office of the State Bank at 49 Ly Thai To, offering the first sale of bills worth VND 60 billion (roughly USD 5.4 million).

So far, 32 banks have registered as full members to the treasury bill market. They include four state-owned commercial banks, 19 commercial stock banks, four foreign banks and three joint venture banks.

The four foreign banks are the Chartered Standard Bank of the U.K., Banque Francaise du Commerce Extérieur (BFCE), Citi Bank of the US and Banque Indosuez of France.

Full membership is accessible to all banks with a registered capital of at least USD 1.8 million.

Decision Issued To Establish VNPT

BK0706074895 Hanoi VNA in English
0629 GMT 7 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 7 — The prime minister has issued a decision to establish the Vietnam Posts and Telecommunications (VNPT) on the basis of reorganising the General [Department] of Posts and Telecommunications.

VNPT is a state-run corporation running under the laws of Vietnam.

Australia

Attorney General Reportedly Approved Bugging

BK0706073895 Sydney *THE AUSTRALIAN FINANCIAL REVIEW* in English 30 May 95 p 8

[Report by Geoffrey Barker]

[FBIS Transcribed Text] Court documents released yesterday show the bugging of the Chinese Embassy in Canberra was authorised by the Attorney-General, Mr Lavarch, on November 16 last year.

According to the documents, Mr Lavarch authorised the operation with two warrants issued by him under the ASIO [Australian Security Intelligence Organization] Act and the Telecommunications Act.

In the Senate yesterday, the Foreign Affairs Minister, Senator Evans, maintained the Government's policy of neither confirming nor denying reports of security and intelligence operations.

But he denied reports that the United States might have denied Australia access to sensitive commercial information obtained from the Chinese Embassy bugging, which was undertaken jointly with the US.

Senator Evans said: "To the extent that the Government does ever engage in co-operative intelligence activities in Australia, then it is our firm policy to require not only our full knowledge of and concurrence to all the detail of such activities, but also full access to all product that might come from them."

He also said the Department of Foreign Affairs and Trade was confident of the security of its cryptographic systems in Australian embassies abroad.

A spokesman for Mr Lavarch refused to comment on whether the Chinese Embassy bugging operation had started on or after November 16 last or whether it was merely given authority at that time.

In the NSW [New South Wales] Supreme Court, Mr Ric Burbidge QC [Queen's Counsel] said the Federal Government was considering contempt of court actions following reports of the buggings on numerous media outlets.

Mr Burbidge said the Federal Government would not pursue action to stop publication of certain information as the confidentiality of the information had been destroyed.

Mr Justice Bryson dissolved injunctions he made relating to John Fairfax Publications, the ABC and Sydney radio station 2UE. He released various judgments he had made in the matter which had been deemed confidential with access restricted to certain parties.

Justice Bryson also maintained confidentiality controls on the contents of a number of affidavits including those of the director-general of the Australian Secret Intelligence Service and two ministers.

Mr Burbidge said that after the Commonwealth obtained interim injunctions, *THE SYDNEY MORNING HERALD* had published certain material on Thursday.

Despite injunctions and government requests not to publish information, news stories were carried by media organisations last Friday.

Bugging 'Neither Surprising Nor Outrageous'

BK0706085195 Sydney *THE AUSTRALIAN FINANCIAL REVIEW* in English 29 May 95 p 19

[Commentary by Geoffrey Barker: "Necessary bugs in the system"]

[FBIS Transcribed Text] I do not want to be the ancient mariner at the wedding feast (or is it the feeding frenzy?), but I cannot join in the national media fascination with the latest reports of electronic espionage against and by Australia.

Reports that Japan and other countries have attempted to penetrate Australian embassies abroad, and reports that Australia has joined with the US in an attempt to penetrate the Chinese Embassy in Canberra, are neither surprising nor outrageous.

They are precisely what ought be expected in the real, as distinct from the ritual world of international relations — especially given the value of information about the economic and strategic policies of allies and competitors in an increasingly multi-polar world.

Indeed I hope, and expect, that Australia's Defence Signals Directorate (DSD) and Secret Intelligence Service (ASIS) are doing their best to gather data to assist the Australian Government and private firms in their international dealings. It would be worrying if such efforts were not being made.

Of course, DSD and ASIS should be accountable, but it is reassuring that the Foreign Minister, Senator Evans, will soon announce improved parliamentary accountability for ASIS, as recommended by the recent Samuels report.

Nevertheless, there are three disturbing aspects to the latest espionage disclosures: first, they coincided with the visit by the Prime Minister, Mr Keating, to Japan; second, there are suggestions that Australia might have allowed the US to control information obtained from the Chinese Embassy; third, the reports will alert Australia's

potential targets to act to make their communications harder to penetrate.

Here it is important to recognise Australia's relative importance in the strategic and economic relations that exist between the US, Japan, China and Australia. Simply stated Australia is an ant among elephants: it needs to stay close to the elephants, who may or may not have benign intentions, but who would not lose too much sleep if they happened to crush the ant.

Ultimately, espionage is made necessary by the historical reality discussed in Paul Kennedy's *The Rise and Fall of the Great Powers* (Random House, 1988). The reality is that the relative strengths of leading nations are not constant: there is what Kennedy calls "a very significant correlation over the longer term" between the productive capacities of societies and their military strengths.

In other words, the more Australia knows about the relative economic strengths of the elephants, the more it is likely to understand their potential military strength. Economic and strategic intelligence are not discrete variables: they interact on each other in our anarchic and competitive world of relatively rising and declining powers. Those relative shifts are becoming more pronounced in the post Cold War world.

The current US-Japan trade war is an instance of these shifts; so is the global concern to fathom China's increasingly assertive economic and strategic intentions. Australia (a relatively declining power in the Asia-Pacific region) has a legitimate interest in tracking these and other changes — just as other powers track Australia's economic and strategic efforts.

Happily, Mr Keating avoided difficulties over the reported Japanese attempt years ago to penetrate the Australian Embassy in Jakarta. In Tokyo last week, he weakly but wisely suggested that Japan improve market access and that the US avoid sanctions. His reward was the Japanese statement of support for APEC [Asia-Pacific Economic Cooperation], and Japanese denials of the spying allegations. On both sides public ritual hid private reality.

Less reassuring are reports that the US may have denied Australia sensitive commercial information collected from the reported penetration of the Chinese Embassy in Canberra. These days the closest strategic allies can be economic competitors, and edited economic intelligence cannot be trusted.

The strains between the US and Australia over the US Export Enhancement Program should have prompted Australia's intelligence services to demand every piece

of commercial and other intelligence sucked into the gear apparently stuffed into the US Embassy roof.

Finally, the current disclosures, true or false, mean that potential targets will immediately take counter-measures to protect their communications. The Australian Government will have to find ways to counter these counter-measures, and the task of intelligence collecting will be made harder.

But what Kipling called *The Great Game* will go on. The risk, as always, will be the embarrassment of exposure, but that has not and will not deter players in the high-stakes game of assessing relative global power.

Mission of Intelligence Services Examined

BN0706080595 Sydney *THE AUSTRALIAN FINANCIAL REVIEW* in English 30 May 95 p 20

[Commentary by Brian Tooney: "Intelligence agencies fail test of the future — and the past"]

[FBIS Transcribed Text] Two centuries ago, the French mathematician Pierre Simon de Laplace contemplated an "intelligence sufficiently vast" to be able to submit all the data in the universe to analysis so "nothing would be uncertain and the future, as the past, would be present to its eyes".

Two centuries later, billions of dollars are poured each year into intelligence agencies seeking to fulfil Laplace's dream of rendering the future as transparent as the past. Thousands of economists also beaver away at constructing models intended to foretell the future; a task encouraged by the assumption that all economic agents are endowed with "perfect foresight".

One of the economists who helped pioneer this form of model building, Daniel Elsberg, transferred across to the labyrinthine world of the intelligence agencies where he gained fame for releasing the secret history of the Vietnam War known as *The Pentagon Papers*.

Given the recent news reports that "extremely valuable information" has been obtained from bugging the Chinese Embassy in Canberra, it may be worth recalling Elsberg's warning about how easy it is to become mesmerised by information obtained by surreptitious means and labelled "intelligence".

Once he was granted 15 levels of security clearance beyond Top Secret, Elsberg said he soon fell into the trap of believing that something could be true only if it had code words stamped across the top of it. He found himself not listening to anything Harvard friends had to say because they didn't read documents stamped Top Secret, UMBRA, Handle Through COMINT Channels, and so on.

Elsberg concluded that often accumulating more and more information cannot eradicate the radical uncertainty about how the future will unfold. Yet many of his former colleagues in both the economics profession and the intelligence world have great difficulty adjusting to the idea that everything need not fall into place if only they obtain one more piece of information.

Mathematicians and physicists have had no such difficulty as scientific knowledge has advanced since Laplace's day. Many have abandoned what one modern physicist, Joseph Ford, dismisses as the "Laplacian fantasy of deterministic predictability".

The same can not be said for intelligence agencies which convince governments that installing one more eavesdropping device, launching one more surveillance satellite, buying one more super-computer, or cracking one more encryption algorithm will render the future crystal clear. Naturally, because they are already drowning in secret data, this can occur only if they buy the latest piece of information technology designed to filter out all the "noise" which keeps clouding their view of the future.

Despite the trillions of dollars spent on intelligence collection and analysis since World War II, predicting the future has not proved to be a pushover. Western intelligence agencies have been caught out by the collapse of the Soviet Union, failed to warn of Iraq's invasion of Kuwait, missed the fall of the Shah of Iran, misinterpreted events leading to the collapse of Mexican peso and so on. Nor have they done all that well in assessing the immediate past — the Central Intelligence Agency consistently overstated the rate of economic growth in the Soviet Union.

Secret intelligence can be of great importance in wartime. As the former deputy head of the Defence Department, Alan Wrigley, has cautioned, its advantages can easily be oversold in peacetime.

Wrigley, who is also a former head of the Australian Security Intelligence Organisation, told a conference at the Australian Defence Force Academy in November 1993 that he had never seen a piece of intelligence information which had had a significant impact on policy-making.

Although secret intelligence may seem of most use when trying to divine the military intentions of a potential adversary, the intelligence agencies are increasingly justifying their budgets in terms of their ability to provide economic intelligence.

Australian spies are paying bribes for commercial-confidence documents in Asian capitals and bugging the hotel rooms of visiting trade negotiators in Canberra.

The only trouble is, we already know their negotiating position. They want to pay less for coal or wheat and we want them to pay more. Invading their privacy does nothing to alter this basic fact.

More generally, the world has economic data running out its ears. The core problem for government lies not in getting more data through exotic listening devices or from spies with fat expense accounts, but in coming up with policies which work.

But the allure of intelligence only seems to strengthen. About \$200 million has been spent on satellite dishes at Geraldton in Western Australian with the ability to intercept all phone, fax and modem messages in and out of Australia.

Lesser amounts are spent each year on bugging embassies in Canberra and elsewhere, plus about \$35 million for on-the-ground spying overseas.

There is no reason why there should not be a public debate about the effectiveness, and the dangers, of current policies towards secret intelligence which are chewing up countless gigabytes of storage capacity.

Nor is there any reason why a government should be able to suppress the fact that it has obtained a suppression order against a newspaper — as occurred recently with THE SYDNEY MORNING HERALD in relation to the bugging of the Chinese Embassy.

Nor is there any justification for the secrecy surrounding those sections of what is known as the Samuels Report which recommend penal sanctions to reinforce a crack-down on media reporting in these areas — attempts which will leave Australian governments looking little different from the totalitarian regimes they spy upon. Not even Laplace believed that controlling the future could be assured by controlling what your own citizens are allowed to know.

Russian Official Meets Evans on Trade, APEC Entry

*BK0706073395 Melbourne Radio Australia
in English 0500 GMT 7 Jun 95*

[FBIS Transcribed Text] One of Russia's top officials is in Canberra for high-level talks on trade and bilateral relations with Australia. (Norm) Barker reports that the talks will include discussion of the large debt Russia owes Australia and Russia's push to become the next member of APEC [Asia-Pacific Economic Cooperation], the Asia-Pacific economic group.

[Begin Barker recording] Aleksandr Zeveriyukha is Russia's fourth highest official and the most senior

leader to visit Australia since the Soviet Union collapsed in 1991.

Within minutes of him meeting Foreign Affairs Minister Gareth Evans, he reiterated Russia's wish to join the APEC grouping ahead of India once the freeze on new members is lifted next year. Russia is worried that Australia could block its entering. Australia is not opposed to Russia's membership, but says it will depend on an agreement from other APEC members.

The talks will also cover Russia's \$450 million [Australian dollars] debt for wool and wool credit that Australia granted to the Soviet Union in 1990.

Telecommunications Agreement Reached With Japan

BK0706080795 Sydney *THE AUSTRALIAN FINANCIAL REVIEW* in English 29 May 95 p 3

[Report by Louise Dodson]

[FBIS Transcribed Text] Japan and Australia have agreed to establish a high-performance computer electronic data connection that will provide a foundation for the development of broadband communications between the two countries.

The Prime Minister, Mr Keating, and Japan's International Trade and Industry Minister, Mr Ryutaro Hashimoto, concluded the agreement during Mr Keating's four-day State visit to Tokyo.

The connection will allow the development of new-generation high-performance computers with applications such as advanced climate modelling, computational ocean science, superconductivity and advanced multimedia applications, including simultaneous virtual-reality modelling of 3D spaces.

Austrade officials in Tokyo are concentrating strongly on developing exports of software and other high-technology niche products.

Japan is seen as a good potential market for software packages because, in Japan, software is overwhelmingly custom-made, with only about 3 per cent sold as packages. In contrast, about 50 per cent is sold as packages in Australia.

A working group of officials from both countries will look at further enhancement of the communications link. It is hoped it will facilitate software research and development in broadband and multimedia technologies.

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